TOWN OF LITTLE ELM, TEXAS

Annual Comprehensive Financial Report

2022

Fiscal Year Ended
September 30, 2022

LITTLE ELM

LITTLE ELM

Our Values

are who we are

INTEGRITY

We are honest, loyal, trustworthy, transparent, fair and open minded, and have a culture of accountability. We keep our word and admit our mistakes. We stand up for what is right even in the face of a challenge, and do what is right, even if no one notices.

CUSTOMER SERVICE

We are respectful, positive, attentive, approachable, responsive, and empathetic. We focus on being able to assist internal and external customers, not simply accommodate them. Whether the answer involves going the extra mile or sometimes even delivering bad news, we are courteous, patient, humble and professional.

SERVANT LEADERSHIP

Putting the needs of others before one's self

EFFICIENCY

We recognize that we are entrusted with resources ultimately owned by the community, and as stewards of those, are committed to use the minimum resources required to realize the maximum result. We will find the shortest path on a route or in a process, and operate without waste, with proper use of taxpayer dollars, and without compromising quality.

INNOVATION

We have a willingness to grow, to explore new ideas and to challenge the status quo. We are open to change though we do not seek change unnecessarily. We allow the freedom to try new things, and recognize that through creativity and reasonable risk, we will build a stronger, healthier Town together. We are an organization dedicated to learning and continuous improvement.

Town of Little Elm, Texas

Annual Comprehensive

Financial Report

LITTLE ELM

Fiscal Year Ended

September 30, 2022

PREPARED BY:

Kelly Wilson, CPM, CGFO—Chief Financial Officer

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Crystal Williamson

Rebecca Hunter

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Anita Truong

Shelly Newell

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Town of Little Elm, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022
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Introductory Section

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March 20, 2023

To the Honorable Mayor, Members of Town Council, and
Citizens of Little Elm, Texas:

The Town's management staff is pleased to submit the Annual Comprehensive Financial Report of the Town of Little Elm ("Town") for the fiscal year ending September 30, 2022. Provided herein is a complete set of financial statements in conformity with generally accepted accounting principles GAAP and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The purpose of this report is to provide council, management, staff, the public and other interested parties with detailed information regarding the Town's financial condition. State Law requires that every general purpose local government publish, within six months of the close of fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2022.

This report consists of management's representations concerning the finances of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to obtain an annual audit of the financial records and financial activities of the Town. Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants, have audited the Town's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2022, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified ("clean") opinion that the Town's financial statements for the fiscal year ended September 30, 2022, and are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

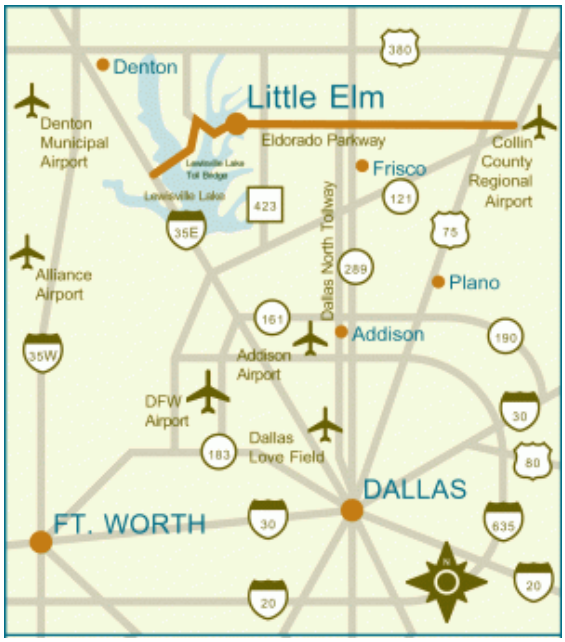
Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

TOWN PROFILE

The Town of Little Elm was officially incorporated in 1966 encompassing 1,222 acres and in 2001 adopted the council-manager form of government and its Home Rule Charter. The Town operates as a Council-Manager form of government with the Town Council comprised of a mayor and six council members. The term of offices are elected on staggered, three-year terms on a non-partisan basis. The Mayor, Place 1, and Place 6 are elected at-large, whereas Place 2, 3, 4, and 5 are elected by district. The Council Member elected in single member district Place 5 shall serve a term for two (2) years until the election in May 2023, after which time the Council Member elected in single member district Place 5 shall serve a term of three (3) years from that election going forward.

Under the provisions of the Town Charter, and subject only to the limitations imposed by the Texas Constitution, State Law, and the Town Charter, the Town Council enacts legislation, adopts the annual operating budget, and sets policy. The Town Manager, under the oversight of Town Council, serves as chief administrative officer by executing the laws and administering the government of the Town, as directed by the Town Council policies.

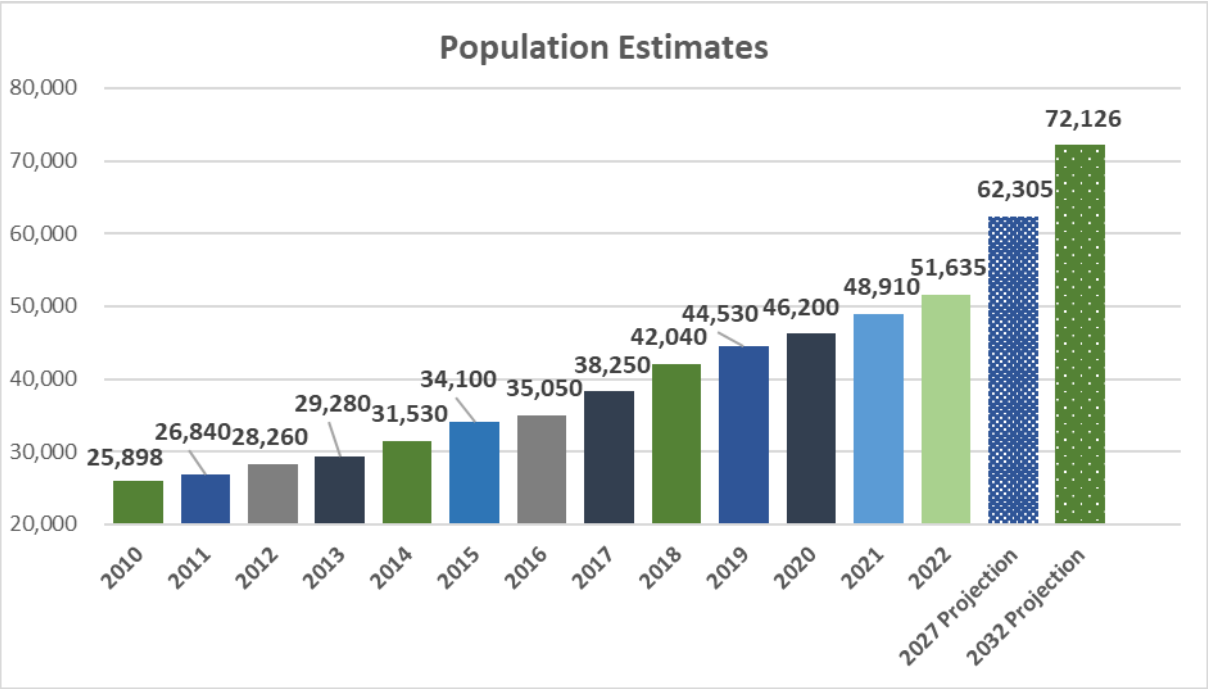
Little Elm is located in North Central Texas, and covers approximately 22 square miles of the Dallas/Fort Worth Metroplex ("DFW"). Little Elm is situated in Denton County and located at the crossroads of US Highway 380, FM 423, and FM 720. The Town is primarily a bedroom community. The Town is all wet, in the sense that over 66 miles of the Town's corporate town limits are shoreline on Lewisville Lake meaning that almost anywhere you travel in town, neighborhoods have a view of the lake, for which the Town is drawing more attention and bringing attractions within the DFW region.



An inventory of the different school districts within the Little Elm's corporate limits and ETJ is useful in attracting homebuyers. Little Elm has three school districts providing services to the community. The Little Elm Independent School District ("ISD") serves the majority of the community. The Denton ISD covers the northern section of the community and serves development along Highway 380. The Frisco ISD serves the eastern section of Little Elm.

The mission of the Town of Little Elm is to build our unique lake opportunities and hometown charm, encourage diverse housing options and business opportunities, and provide an unmatched quality of life. The vision of the Town of Little Elm is a distinct and desirable lakeside destination for all people to live and play while enjoying a safe, vibrant, and welcoming community.

The 2010 Census population for the Town was 25,898, and the 2022 estimate is 51,635.



Source: Population estimates to date are from North Central Texas Council of Governments. Future estimates are from Town of Little Elm staff.

Services Provided

The Town provides a full range of public services. These services include police, fire protection, emergency medical services, construction and maintenance of streets and other infrastructure; recreation services, library services; parks maintenance and public utilities. The Town's utilities include water and wastewater, drainage and sanitation services. The Town operates its own wastewater treatment facility.

Community Waste Disposal ("CWD") provides solid waste collection; and, the North Texas Municipal Water District ("NTMWD") provides water for the Town on a "take-or-pay" basis. The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting with fees billed monthly to all residential and commercial customers. The Town provides on a contractual basis to areas in its extra-territorial jurisdictions ("ETJ") public safety and construction inspections.

Financial System and Budgetary Controls

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The contract of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on a full accrual basis.

Town Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their annual budget requests during budget workshop. It is during this collaborative workshop setting including the Town Manager, Department Directors, and involved staff, each fund's proposed budget is balanced to comprise the Town Manager's Proposed Budget to Town Council. The proposed budget receives additional scrutiny by Town Council by holding subsequent workshop sessions. Prior to official adoption of the budget and tax rate by Town Council, any required notices, publications, and public hearings on the proposed tax rate and budget are held to allow for public input.

The objective of budgetary controls is to ensure compliance with legal provision contained in the annual budget approved by the Town Council. The budget is developed on a departmental level and adopted at the fund level. The level of control at which expenditures may not exceed budget with our Town Council approval is at the fund level. The Town Manager has authority to approve individual departmental budget overages. This budgetary level serves as the foundation for the Town's financial planning and control. The Town Council approves any amendment or additional funding requests for appropriations when the budget is exceeded at the fund level or for any that were unforeseen during the regular budget process. These amendments shall be by ordinance, and shall become an attachment to the original budget.

The accompanying Annual Comprehensive Financial Report incorporates all funds of the Town and includes all government activities, organizations and functions for which the Town is financially accountable including its component units. The Town's component units are legally separate entities for which the Town is financially accountable but are not part of the Town's operations.

The Town's discretely presented component units are:

- Little Elm Economic Development Type 4A Sales Tax Corporation (EDC)
- Little Elm Community Development Type 4B Sales Tax Corporation (CDC)

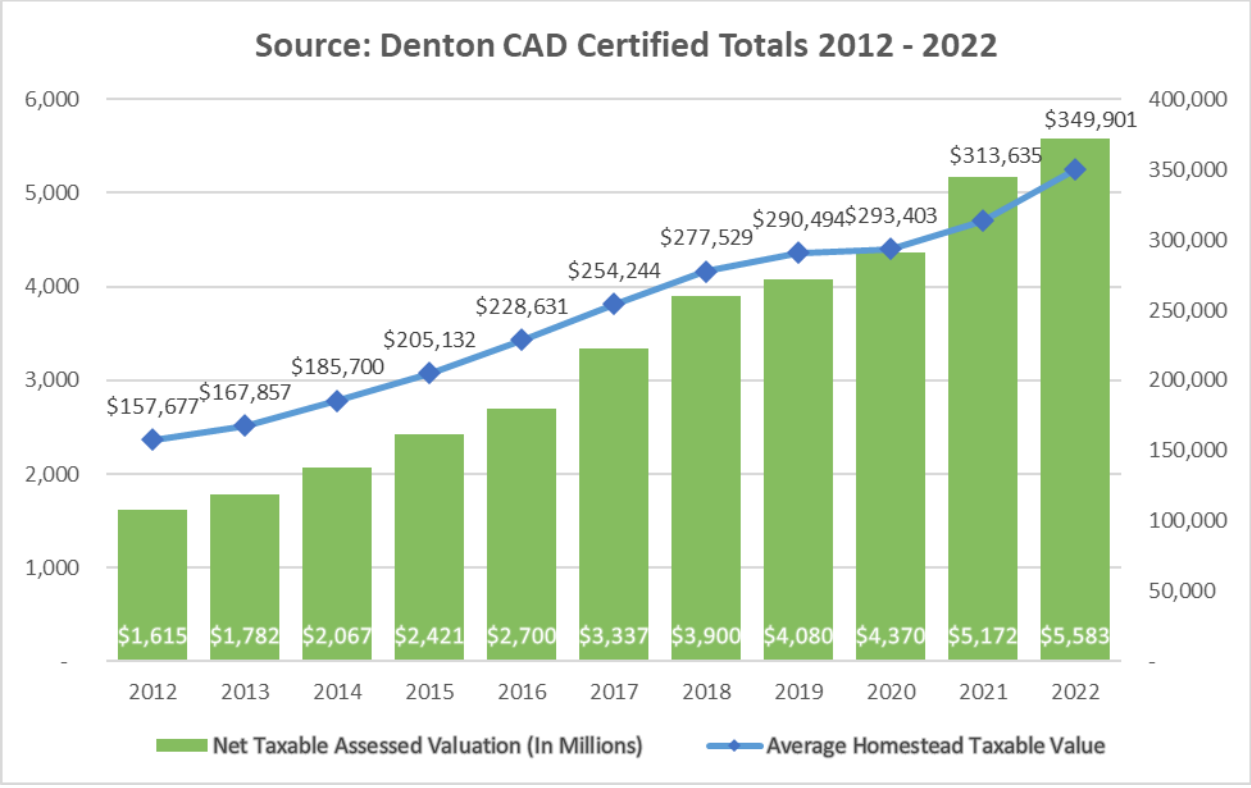
Relevant Financial Policies

The Town has established reserve policies for its' operating funds. The Town will maintain an unassigned fund balance in its General Fund equal to three months or 25% of the regular General Fund operating expenditures. Additionally, The Town will maintain a reserve of cash and investments in the Water Wastewater Fund equal to four months (120 days) of the total operating revenue. The reserve will be calculated based on total operating revenues from the last audited financial statements of the Water Wastewater Fund.

The Town has established a comprehensive financial policy with subsections dedicated to investments, purchasing, budgeting, asset management, P-Cards, and debt. In 2019, a debt post issuance policy was added. The debt post issuance policy outlines the Town's responsibility to comply with bond covenants including applicable code provisions or regulations. This policy also designates who is responsible for such actions. Another initiative taken on this year was to formally audit the Town's p-card program. The audit program will provide risk aversions and implement a new Purchasing P-Card policy.

ECONOMIC CONDITIONS AND OUTLOOK

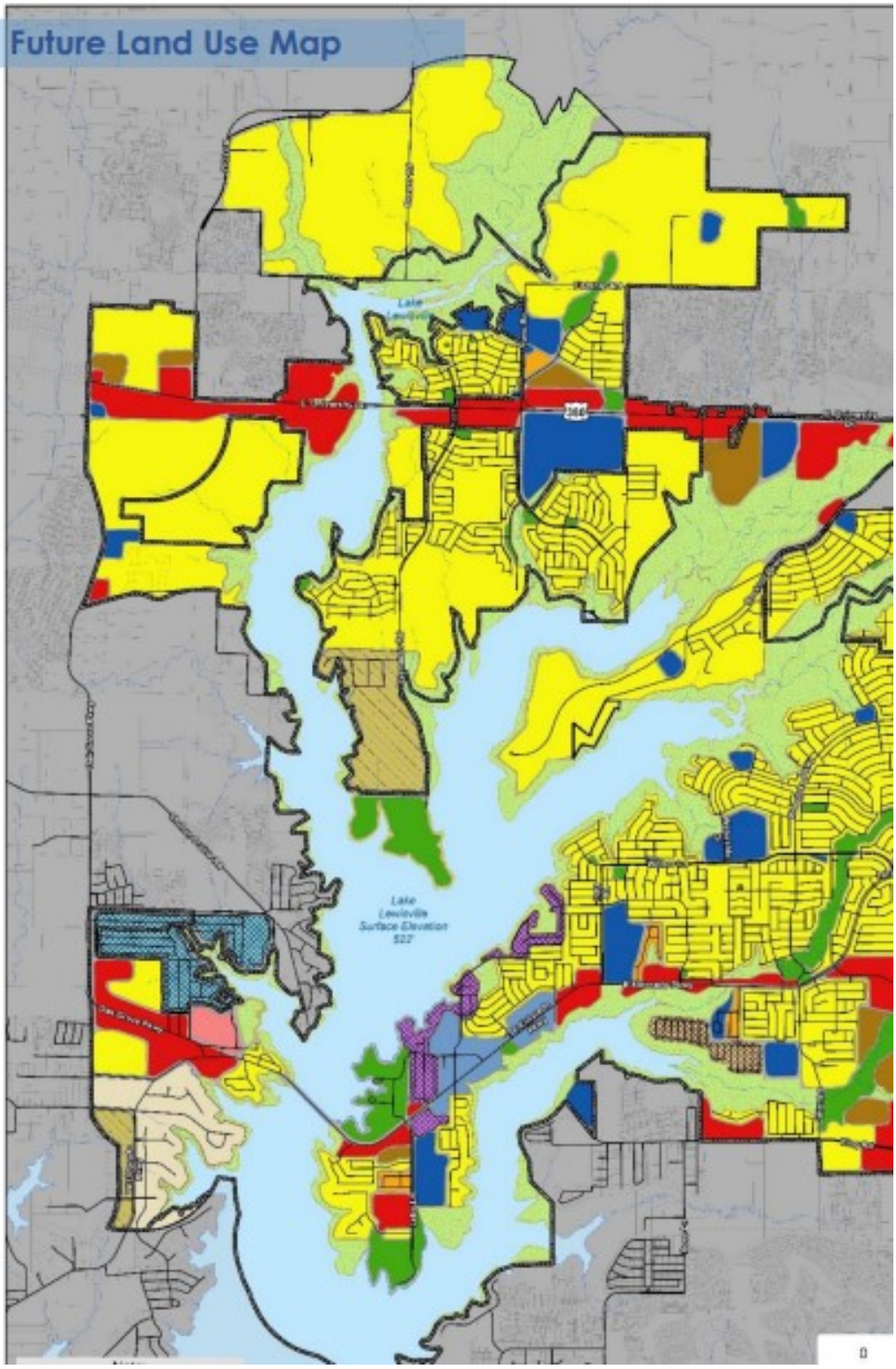
The Town continues to manage and plan for the continued growth as a result of the strong economy in the Dallas-Fort Worth area. New development is guided by design guidelines, a 2017 Comprehensive Plan, a Strategic Plan, and a Capital Improvements Plan. Unlike the cities of Dallas, Plano, and Frisco located to the south, the Town of Little Elm is characterized as a lake front community that is made up by a variety of single-family neighborhoods and master planned developments. While residential growth remains strong with 1,238 single family permits issued in 2022, the Town is a full service town of 50,000+ residents. The Town offers a variety of commercial retail and shopping opportunities as well as a regional destination area, the Lakefront District. In 2022, we welcomed 72 new businesses to Little Elm. New commercial construction valued at $68M. The Town also has 2,364,137 square feet of retail space. Of that, there is currently 125,040 square feet available for lease, meaning that Little Elm's current lease rate is 94.71%. In addition, there is 373,963 shovel ready square feet already committed to future development projects.



The Little Elm Economic Development Corporation continues its work in attracting high quality businesses to Little Elm in order to increase both the tax base and local employment. The Town continues to benefit from other favorable conditions associated with a desirable location for work, destination, and living.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2017. Policy-makers and Town staff use this document as a guide while reviewing development projects, the Town budget, prioritizing capital improvement projects, and drafting ordinances to direct growth that leads to the established vision. The Future Land Use Plan (below) graphically sets an overall framework for the preferred pattern of development within Little Elm.

Future Land Use Map



LONG-TERM FINANCIAL PLANNNG

Long-Term Financial Planning Process

- **Comprehensive Strategic Plan Update:** Council was recently updated on the Town's Comprehensive Strategic Plan the first of 2022 after Town staff provided an extensive plan update that outlined all of the goals and initiatives that had been accomplished from 2013-2020. This helped outline the objectives Town Council established to provide a community that is safe, diversified in housing opportunities, and inclusive. For more information about the Town's Strategic Plan that sets the vision for the Town and charts its course for the community, please visit: https://issuu.com/townoflittleelm/docs/1248-annual_strategic_report_v9.
- **Operations and Maintenance**: Each year the Town prepares a balanced budget, with the involvement of the Town Council, Town Manager, Executive Management Team, finance staff and other employees. Discussions regarding the future of the Town's financial health are a high priority during budget preparation. Fiscal year 2022 was the ninth year for the Town to utilize a multi-year budgeting format. The multi-year budget process takes historical trends, changes in policy and economic conditions (now and projected) into consideration as applicable. The total number of budgeted full-time equivalents (FTE's) is 392 for the 2022-2023 budget.
- **Capital Improvement Program**: A major component of the budgeting process every year is the Capital Improvement Program (CIP). Extensive planning takes place throughout the year involving input from the Town Council, Town Boards (Parks Board, Planning and Zoning Board) and the Executive Management Team. The focus of this planning is ongoing funding of current CIP projects, and how the Town will fund currently unfunded CIP projects in the future. During this process, attention is given to the impact the projects will have on the future operations and maintenance costs along with debt service levels based on policies established.

Anticipated Long-Term Financial Impacts

Due to the Town's economic growth, Town Council created seven Public Improvement Districts ("PID") and participates in four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5, and #6). These Special Districts are separate, special-purpose governmental units that exist separately from local governments. They are formed to perform a single function or a set of functions. Note 14 to the Financial Statements specifically addresses the creation for each zone and district.

The Town facilitated in the development of a master-planned community that created the framework of public streets, over 2,200 homes, a Denton ISD school, a new public safety center, trail systems, open spaces, and amenity centers along the U.S. 380 corridor.

The Town's Lakefront District offers an array of restaurants and now will accommodate visitors to stay and plan with the construction of a four-story, 47,325 square foot space featuring 84 hotel rooms, a 600 square foot meeting space, an outdoor pool and a bar on the top floor with architecture designs to capitalize on the impressive lake views. Another recent addition to the Lakefront District, brought about an entertainment venue named Tinman Social House (in homage to the historic landmark, "Tin Man" water tower). This venue is a two-story 38,000 square foot entertainment destination-featuring boutique bowling lanes on multiple levels, redemption arcade and arcade store. The venue will also host a full-service kitchen and bar with restaurant and bar seating on both levels. Unlike some other Town's outdoor amenities, the

venue will be usable year-round. Tinman Social House also features ping-pong tables, ax throwing, cornhole, bocce ball, and shuffleboard, as well as banquet/event rooms.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This was the twelfth year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town has also received the Popular Annual Financial Report (PAFR) award that was received for the third consecutive time from GFOA. This report is designed to provide a user friendly and easily understood report to the public and other interested parties that lack a background in public finance. It is the Town's desire to achieve this award every year.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. We would also like to thank the Mayor and Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Little Elm's finances.

Respectfully submitted,

Matt Mueller
Town Manager

Kelly Wilson, CPM, CGFO
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Little Elm
Texas

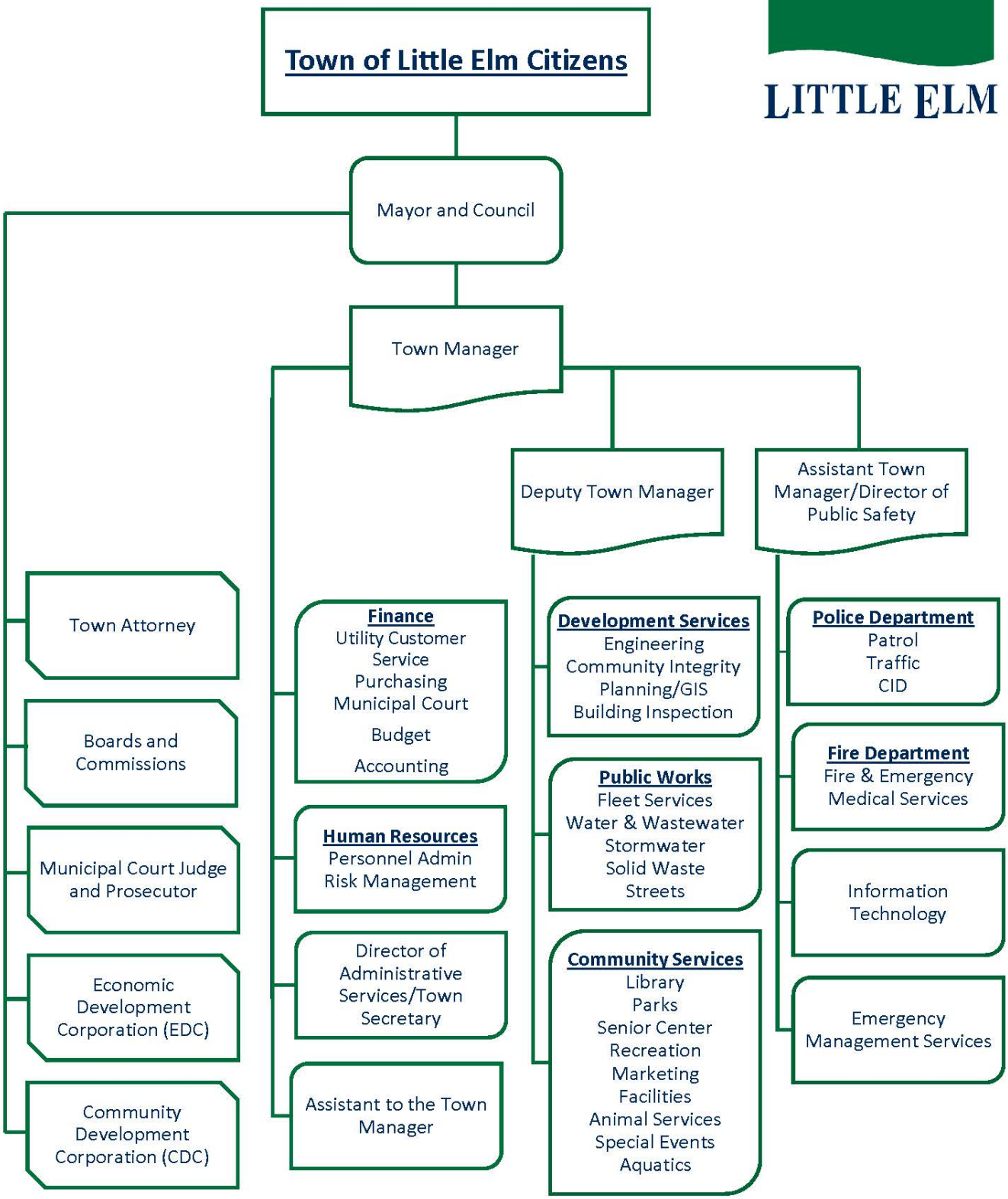
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

TOWN OF LITTLE ELM, TEXAS



TOWN OF LITTLE ELM, TEXAS

Town Officials

Council Members

Curtis J. Cornelious	Mayor
Lisa Norman	Mayor Pro Tem, District 4
Neil Blais	District 3
Jamell Johnson	At Large, Place 1
Tony Singh	District 2
Jeremy Lukas	District 5
Michael McClellan	At Large Place 6

Executive Staff

Matt Mueller	Town Manager
Doug Peach	Deputy Town Manager
Kelly Wilson	Chief Financial Officer
Rodney Harrison	Police Chief
Caitlan Biggs	Town Secretary
Paul Rust	Fire Chief
Deidre Hale	Director of Human Resources
Joe Florentino	Assistant Town Manager/Director of Public Safety
Jason Shroyer	Director of Public Works
Chad Hyde	Director of Parks and Recreation
Fred Gibbs	Director of Development Services
Jennette Espinosa	EDC Executive Director

Town of Little Elm

MAYOR AND TOWN COUNCIL

Neil Blais
District 3

Mayor Curtis J. Cornelious

Tony Singh
District 2

Lisa Norman
Mayor Pro Tem
District 4

LITTLE ELM

Jeremy Lukas
District 5

Jamell Johnson
At Large, Place 1

Michael McClellan
At Large, Place 6

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Financial Section

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weaver
Assurance • Tax • Advisory

Independent Auditor's Report

To the Honorable Mayor,
Town Council, and Town Manager
Town of Little Elm, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm (the Town), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Town Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Weaver and Tidwell, L.L.P.
1406 Wilson Road, Suite 100 | Conroe, Texas 77304
Main: 936.756.8127
CPAs AND ADVISORS | WEAVER.COM

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor,
Town Council, and Town Manager
Town of Little Elm, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
March 20, 2023

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As management of the Town of Little Elm, we offer the reader of the Town's financial statements this narrative and analysis of the financial activities of the Town of Little Elm for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the financial reports that follow in this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $370,280,467 (net position). Of this amount $66,419,558 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $32,064,432 during the fiscal year.
- The Town's total amount of long-term liabilities is $125,634,375, which is a net decrease of $241,559 when compared to the prior year. During 2022, the Town issued $9,560,000 of Certificates of Obligation.
- As of the close of the current fiscal year, the Town of Little Elm's governmental funds reported a combined ending fund balance of $111,130,027, an increase of $247,106 in comparison with the prior year. Within this total, $69,759,650 (62.8%) is restricted by specific legal requirements, $41,157,273 (37.0%) is unassigned fund balance, and $213,104 (0.2%) is nonspendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Little Elm's basic financial statements. The Town of Little Elm's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broader overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all of the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type current financial resources with capital assets and long-term obligations. In order to assess the overall health or financial condition of the Town, other non-financial factors should also be taken into consideration. These include changes in the Town's property tax base and the condition of the Town's infrastructure (i.e., streets, drainage improvements, storm and sewer lines, etc.).

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide statements distinguish between governmental activities and business-type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most Town services are reported in governmental activities while business-type activities are reported in the Enterprise Fund. The governmental activities of the Town include general government, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The government-wide financial statements include not only the Town of Little Elm itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Little Elm Economic Development Corporation 4A (LEEDC) and Little Elm Community Development Corporation 4B (LECDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of the Town Council.

Fund financial statements. The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund, all of which are considered to be major funds. All capital project funds are combined for a single, aggregated presentation. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The Town maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water/sewer and solid waste operations. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Little Elm uses its internal service fund to account for vehicle and equipment replacements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Little Elm's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund that reflects PID activity.

Notes to the financial statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of fiscal year 2022, the Town's net position (assets exceeding liabilities) totaled $370,280,467. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

Net Position. The largest portion of the Town's net position, $252,720,094 or 68% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional portion of the Town's net position, $51,140,815 or 14%, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is $66,419,558 or 18% may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 136,275,588	$ 123,754,834	$ 45,921,558	$ 40,760,621	$ 182,197,146	$ 164,515,455
Capital assets	245,081,765	223,994,296	90,917,611	81,935,027	335,999,376	305,929,323
Total assets	381,357,353	347,749,130	136,839,169	122,695,648	518,196,522	470,444,778
Deferred outflows of resources	3,254,699	3,342,326	812,026	892,110	4,066,725	4,234,436
Current liabilities	15,533,518	6,870,590	3,112,456	2,502,734	18,645,974	9,373,324
Noncurrent liabilities	83,195,750	80,029,897	42,438,625	45,846,037	125,634,375	125,875,934
Total liabilities	98,729,268	86,900,487	45,551,081	48,348,771	144,280,349	135,249,258
Deferred inflows of resources	7,442,370	1,112,117	260,061	101,804	7,702,431	1,213,921
Net position:						
Net investment in capital assets	193,734,603	171,316,394	58,985,491	46,431,372	252,720,094	217,747,766
Restricted	45,593,051	60,716,093	5,547,764	4,704,740	51,140,815	65,420,833
Unrestricted	39,112,760	31,046,365	27,306,798	24,001,071	66,419,558	55,047,436
Total net position	$ 278,440,414	$ 263,078,852	$ 91,840,053	$ 75,137,183	$ 370,280,467	$ 338,216,035

Changes in Net Position. The net position of the Town increased by $32,064,432 from the prior year.

Governmental Activities. Governmental activities increased the Town's net position by $15,361,562 from the prior year. The net position increase is a result of strong property and sales taxes collected in the community due to development growth. The Town still saw capital contributions because of operations in the various PIDS within the Town. Expenses remained flat while still meeting the service level to the residents. Transfer to the BTA is a result of PID assets that are in nature classified as BTA assets.

Business-type Activities. Net position from business-type activities increased $16,702,870 from the prior year. The annual report reflects an increase in charges for services due to a two percent increase in water rates and growth in the customer base. FY 2022 also brought about an extremely unusually hot summer, which in turn are reflected in billing for water usage as well as the purchase of water. Transfers in is noted in governmental activities to transfer PID assets to BTA for water and wastewater assets.

Government-Wide Financial Analysis

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 14,155,602	$ 18,415,911	$ 24,923,543	$ 22,353,831	$ 39,079,145	$ 40,769,742
Operating grants and contributions	7,048,990	3,830,214	-	-	7,048,990	3,830,214
Capital grants and contributions	16,933,233	61,971,547	1,296,399	3,520,701	18,229,632	65,492,248
General revenues:						
Property taxes	31,503,691	28,852,488	-	-	31,503,691	28,852,488
Sales taxes	8,820,224	7,258,930	-	-	8,820,224	7,258,930
Franchise taxes	2,648,377	2,279,437	215,412	187,207	2,863,789	2,466,644
Investment Income	530,582	373,282	120,484	228,569	651,066	601,851
Other	164,286	142,857	-	-	164,286	142,857
Gain on sale of capital assets	1,268,703	604,039	11,360	246,235	1,280,063	850,274
Total revenues	83,073,688	123,728,705	26,567,198	26,536,543	109,640,886	150,265,248
Expenses:						
General government	11,340,090	12,236,888	-	-	11,340,090	12,236,888
Community service	3,863,583	3,224,276	-	-	3,863,583	3,224,276
Public safety	25,905,436	25,324,342	-	-	25,905,436	25,324,342
Public works	7,542,098	9,051,190	-	-	7,542,098	9,051,190
Culture and recreation	8,000,800	8,034,076	-	-	8,000,800	8,034,076
Interest expense	2,258,043	1,684,428	-	-	2,258,043	1,684,428
Water and sewer services	-	-	15,915,334	14,115,471	15,915,334	14,115,471
Solid waste services	-	-	2,751,070	2,580,141	2,751,070	2,580,141
Total expenses	58,910,050	59,555,200	18,666,404	16,695,612	77,576,454	76,250,812
Change in net position before transfers	24,163,638	64,173,505	7,900,794	9,840,931	32,064,432	74,014,436
Transfers	(8,802,076)	2,376,000	8,802,076	(2,376,000)	-	-
Change in net position	15,361,562	66,549,505	16,702,870	7,464,931	32,064,432	74,014,436
Net position - beginning	263,078,852	196,529,347	75,137,183	67,672,252	338,216,035	264,201,599
Net position - ending	$ 278,440,414	$ 263,078,852	$ 91,840,053	$ 75,137,183	$ 370,280,467	$ 338,216,035

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of $111,130,027.

Table 3
Governmental Funds
Condensed Balance Sheet

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total
Assets	$ 45,632,900	$ 1,340,881	$ 45,715,696	$ 26,690,376	$ 4,386,104	$ 8,187,433	$ 131,953,390
Liabilities	$ 3,229,655	$ 106,690	$ 1,962,605	$ 6,500,498	$ 54,691	$ 3,593,199	$ 15,447,338
Deferred Inflows of Resources	1,032,918	30,292	345,992	-	3,966,823	-	5,376,025
Fund Balances	41,370,327	1,203,899	43,407,099	20,189,878	364,590	4,594,234	111,130,027
Liabilities, Deferred Inlows of Resourses and Fund Balances	$ 45,632,900	$ 1,340,881	$ 45,715,696	$ 26,690,376	$ 4,386,104	$ 8,187,433	$ 131,953,390

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was $41,157,273. The unassigned fund balance of the General Fund increased by $8,117,498 primarily due to an to increase in property and sales taxes collected, along with the charges for services due to the increase attendance to special events and the Cove at the Lakefront™ which is the Town owned and operated indoor water park. This fiscal year, the Cove was open for the full 12 months. The Town did not transfer out as much funds as it had in the prior year to cash flow CIP projects. The Town has a strong unassigned fund balance that is planned to be drawn down over the five-year financial plan. This fund balance drawdown is reflected in the Town's annual budget and financial plan.

The Debt Service Fund had an increase of $326,348 in fund balance. This increase can be attributed to increased intergovernmental revenue in FY22, the result, of TIRZ#3 and LECDC providing funding for their debt service obligation this year. The Capital Projects Fund increased by $10,023,478 primarily due to the net effect of capital outlay expenditures on various projects and the issuance of debt with a premium totaling $10,175,513 this fiscal year. The PID Capital Projects Fund decreased by $17,885,509 due to the expansion of PID projects within the Town. The Landscape Fund became a major fund due to the recording of over $4 million of leases receivable due to implementation of GASB 87. Other governmental funds' combined fund balances increased by $23,474 with almost the entire ending fund balance, $4,594,234, restricted for specific purposes.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year was $27,306,798. This represents an increase of $3,305,727. This year's operating revenue was $24,923,543. The increase of $2,569,712 from last year's operating revenue can be attributed to a two percent water rate increase and increase in customer base for water and sewer charges. In addition to rate increase this last summer was an extremely hot summer that presented more water purchases in sales and in cost.

General Fund Budgetary Highlights. In FY 2022, the General Fund expenditure budget was increased by $4,267,756 over the FY 2021 budget. The Town implements a 5 year financial plan that allows the Town to look ahead in order to meet the growth and service needs of the Town. Amendments made during FY 2022 increased the original revenue budget by $2,323,740 and increased the expenditure budget by $4,316,016.

The Town primarily amended the budget to allow excess revenue received from grants and increase in the COVE at the Lakefront™ new programs and sales. Additional expenditures

during the year is reflective of outsourcing building inspections during the year due to shortage of staff. During the fiscal year, the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval through an ordinance.

In the General Fund, the actual revenue received was $8,486,042 more than budgeted. This positive variance is most noticeable in taxes, licenses and permits, and intergovernmental revenue. This was due to growth in the community and Federal Aid for pandemic relief. General Fund expenditures had a final budget to actual variance of $4,293,506 prior to other financing sources/uses. This positive variance is the result of savings experienced in nearly all departments.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to $335,999,376 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 73% of the capital assets are governmental and 27% are business-type activities. The total increase in the Town's investment in capital assets for the current year was 10%.

Table 4
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	$ 10,210,630	$ 9,210,630	$ 1,639,066	$ 1,639,066	$ 11,849,696	$ 10,849,696
Construction in progress	27,982,464	35,197,589	12,670,552	1,546,369	40,653,016	36,743,958
Buildings	54,612,020	31,263,024	1,902,119	1,955,525	56,514,139	33,218,549
Infrastructure	124,863,092	121,438,429	73,046,458	75,729,622	197,909,550	197,168,051
Other improvements	17,947,319	18,867,431	-	-	17,947,319	18,867,431
Machinery and equipment	9,449,161	8,017,193	1,659,416	1,064,445	11,108,577	9,081,638
Right of Use Assets	17,079	-	-	-	17,079	-
Total	$ 245,081,765	$ 223,994,296	$ 90,917,611	$ 81,935,027	$ 335,999,376	$ 305,929,323

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.

Debt Administration. At the end of the current fiscal year, the Town of Little Elm had total bonded debt outstanding of $125,634,375, all of which is backed by the full faith and credit of the Town. Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Table 5
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

	Governmental activities		Business-type activities		Total Primary Government		Component Units	
	2022	2021	2022	2021	2022	2021	2022	2021
Gross bonded debt:								
General obligation	$ 15,400,000	$ 17,850,000	$ 13,865,000	$ 15,260,000	$ 29,265,000	$ 33,110,000	$ -	$ -
Certificates of obligation	56,090,000	48,750,000	25,495,000	27,025,000	81,585,000	75,775,000	-	-
Total bonded debt	71,490,000	66,600,000	39,360,000	42,285,000	110,850,000	108,885,000	-	-
Other long-term debt:								
Tax notes	-	-	-	-	-	-	-	-
Notes Payable	-	-	300,000	400,000	300,000	400,000	17,432,587	18,166,788
Unamortized premiums	4,415,609	4,110,885	2,127,508	2,298,364	6,543,117	6,409,249	-	-
Compensated absences	3,417,664	3,101,764	293,393	275,646	3,711,057	3,377,410	71,202	36,884
Leases	17,058	-	-	-	17,058	-		
Total OPEB liability	548,846	489,147	50,925	46,185	599,771	535,332	-	-
Net pension liability	3,306,573	5,728,101	306,799	540,842	3,613,372	6,268,943	-	-
Total other long-term debt	11,705,750	13,429,897	3,078,625	3,561,037	14,784,375	16,990,934	17,503,789	18,203,672
Total	$ 83,195,750	$ 80,029,897	$ 42,438,625	$ 45,846,037	$ 125,634,375	$ 125,875,934	$ 17,503,789	$ 18,203,672

The Town continues to maintain favorable ratings from the bond rating agencies. Standard & Poor's rating was reaffirmed as AA+ in FY 2022. The outlook is stable. The rating reflects the Town's economic improvement driven by strong tax base growth coupled with sustained and very strong reserves.

Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Discretely Presented Component Units

The Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC) have been included in the reporting entity as discretely presented component units since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for LEEDC or LECDC.

The Economic Development Corporation (LEEDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The LEEDC's net position at fiscal year-end was $10,922,201. This is an increase of $1,709,103 from the prior year. The LEEDC's total revenues were $4,133,750 of which $3,409,861 was from sales taxes. For the year, the LEEDC had expenses of $2,424,647.

Additional information on the LEEDC's long-term debt can be found in Note 8 of the notes to the financial statements.

The Community Development Corporation (LECDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the Town and is supported by a voter approved sales tax. The LECDC's net position at year-end was $2,220,403. This is an increase of $983,624 from the prior year. The LECDC's total revenues were $1,969,139 of which $1,727,129 was from sales taxes. For the year, the LECDC had expenditures of $985,515.

2022 Highlights and Accomplishments

At the close of fiscal year 2022 here are a few of the highlights and accomplishments for this year:

- Lowered 2022 tax rate from $0.649702 to $0.629900 while increasing services for Public Safety, Parks and Recreation, and Public Works. This is the lowest property tax rate in over a decade.
- Maintained bond ratings from both S&P and Moody's due to the Town's very strong economy, rapidly growing tax base, and strong financial position due to the significant ongoing development while maintaining conservative budgeting and formal policies, which will attract investors and lower rates for borrowing in the future.
- Implemented a flock camera system for Frisco West and Paloma Creek subdivisions.
- Deployed firefighters on eight major incidents throughout the State of Texas.
- Completed turf project at Cottonwood Sports Complex.
- Added several new events for the residents: two triathlons, the Lakefront Luau, Dinosaurs at the Park, Night out in the Lakefront, Frozen, The Cove Luau, Cove Holiday Story, and The Cove Christmas programming.
- Created network redundancy to ensure an alternate path in case of a failure on the primary service.
- Initiated the Town's p-card audit program.
- Implemented a new system to capture Short-Term Rental Hotel Occupancy Tax to prevent revenue loss for the Town.
- EDC entered into a Public Private Partnership with Tinman Social through a lease purchase agreement.
- EDC purchased 3.2-acre tract of land next to Town Hall for future development.
- Implemented a Wayfinding Signage program throughout the community.
- Completed Phase I of the Green Ribbon project that included landscaping improvements within the medians along FM 423.
- Implemented a remove work policy.
- Completed and implemented a compensation study and established a market for comparison cities to keep us competitive and attractive for new hires.
- Designed and ordered two new fire engines.
- Placed a mobile command vehicle in service and used the vehicle to assist with the management of several special events throughout the year.
- Increased the daily minimum Fire Department staffing level from 16 to 18 members. The additional personnel allowed the Town to staff a squad and increase the service levels provided to the response area around U.S. Hwy 380.
- Upgraded the GIS mapping application for internal and external access to information.
- Executed funding agreements with Frisco and Denton County for King Road construction.
- Completed $1.24M in street, sidewalk, and curb maintenance projects as part of the Annual Street Maintenance Program.
- Hosted bi-annual clean and green events, collecting 29,800 HHW, 12,525 lbs of electronic waste, 1001 tires, and 72 appliances.
- Maintained the APWA accreditation.

All of these highlights, accomplishments and more is located in the Town's 2022 Strategic Report located at https://issuu.com/townoflittleelm/docs/1248-annual_strategic_report_v9.

Economic Factors and Next Year's Budget and Rates (2022-2023)

Little Elm is still a rapidly growing community, and with that comes a tremendous number of challenges and outstanding opportunities. With this growth, new sources and higher amounts of revenue are allocated in the budget. Still, there is also a mounting list of needs for programs and services to accommodate the growth and meet the community's expectations.

Little Elm continues to present a five-year balanced budget (technically a one-year budget and 4-year financial plan) to the Council for consideration. The purpose of the approach is to ensure that we are providing sustainable services in Little Elm's high growth environment. This is particularly important as we continue expanding services in the northern part of the community and extend contractual services to various partners in our region.

Growing municipal services to provide for the needs of our residents in the northern part of the community has been a big part of planning operational growth over the past few years. This area will continue to be the area of the highest growth as the existing residential developments along the U.S. 380 corridor continue to build homes, and Spiritas Ranch, the approved 2,200 lot subdivision has broken ground. The five-year budget looks at the cost of those services and the revenues coming due to the growth. A multi-year plan is very helpful since the expenses for these services are in the very new future, yet the revenues will be delayed as the area grows and new taxable values are added to the tax rolls.

For the last several years, it has been the goal to keep the tax rate competitive with other cities and towns while still providing adequate revenue to fund the needs of a rapidly growing community now and into the future. This year, once again, the Town presented a lower tax rate of $0.629900 while still meeting objectives. This is the lowest tax rate reduction in 14 years. The Town was able to maintain the voter-approval tax rate, prepare for its future obligations, and adhere to the Town's long and short-term operational plan. Of the total tax rate, $0.486416 is dedicated to general operations and maintenance (O&M) in the General Fund, and $.143484 is dedicated to general obligation debt service (I&S).

Some of the more significant upcoming capital projects are as follows: (Many of these projects cover several years, so they are not limited to the FY 2022-2023 budget.) Projects include the Fire Station #4/Police Substation, Hill Lane improvements, King Road improvements, Lakeside Middle School softball improvements, The Lawn at the Lakefront™, Little Elm Park camping improvements, Cottonwood Park.

The fiscal year 2022-2023 operating budget increased by 14.24% or $9,209,435, from fiscal year 2021-2022 budget. The primary increase in budget to budget is a result of hiring 18.5 new FTEs, compensation plan study implementation to meet market conditions for employees, phase II of the fire station #4 and police substation including new personnel and equipment, NTMWD rate increase from $3.04 to $3.44, increase in health insurance premiums, and the new projects coming online.

Total Town wide revenues remained flat over the amended 2021-2022 budget due to conservative budgeting efforts. The Town will continue to see commercial development, population growth in the area, and increased property tax rolls over the coming years. The Town's new assessed properties added $373 million more value to the tax roll. Sales tax revenue is also expected to grow. The total amount of sales tax ($.015) budgeted for FY 2022-2023 reflects an increase of 18.56% increase over last year's budget, which is another indicator of growth within the area. Major increases in operational costs are:

New Personnel	$ 2,547,402
Compensation Plan Implementation	$ 1,469,344
Phase II of West Side Public Safety services	$ 1,067,494

General Fund revenues and budgeted transfers are estimated at $47,134,341 for FY 2022-2023. Property tax represents 47% of the total funding to the General Fund at $22.139 million. The sales tax maximum rate is 8.25%, with 1% contributed to the Town of Little Elm's General Fund. The sales tax reported in the General Fund is projected to generate revenue of approximately $6.311 million. Development Services is projected to collect $2.8 million for new residential construction permits at 1,350 units and commercial permitting.
The Water and Sewer Fund is expected to begin FY 2022-2023 with a $19.8 million working capital balance. The Town's policy initiative to maintain working capital reserves at a minimum of 120 days calculated from the previous year's earnings. A healthy fund balance is necessary to help fund the future capital projects and one-time maintenance infrastructure costs planned within the five-year balanced budget.

The Utility Fund total system revenues are estimated at $20.8 million, or 3.43% more than the prior year budget due to the moderate growth in residential, multi-family and commercial connections to the Town's utility system and a 2% water rate increase effective this budget cycle.

The total number of budgeted employees or FTE's (Full-time equivalents) is 392 for a salary with benefits cost of $37.9 million (including new positions). New positions budgeted for FY 2022-2023 are: 3 Detectives servicing Paloma Creek, 4 Patrol Officers, 1 Detective servicing LEISD, 1 School Resource Officer servicing DISD, reclassifying a Captain position to Assistant Police Chief, 1 Detective, 1 Fleet Specialist, 1 Equipment Operator for Park Maintenance, Phase II which includes 4 fire fighters and reclassifying 6 fire positions, Director of Innovation and Technology.

The 2022-2023 budget reflects the efforts of the governing body and Town staff to address the need to provide services and facilities to support our vibrant and growing community, while still maintaining a strong financial position.

Tax Increment Reinvestment Zones and Public Improvement Districts

Note 14 to the Financial Statements addresses the Town Council's creation of four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5 and #6) and the seven Public Improvement Districts. The Financial Statements specifically addresses the creation for each zone and district.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Little Elm, 100 W. Eldorado Parkway, Little Elm, Texas 75068, or call (214)975-0415.

Basic Financial Statements

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Town of Little Elm, Texas
Statement of Net Position
September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 29,305,005	$ 21,395,594	$ 50,700,599	$ 6,199,496
Investments	39,216,180	11,434,627	50,650,807	662,395
Restricted cash and cash equivalents	5,749,092	-	5,749,092	-
Restricted investments	51,366,429	9,045,349	60,411,778	-
Receivables (net of allowance for uncollectibles)	3,970,451	3,804,251	7,774,702	1,167,242
Due from other governments	1,695,371	-	1,695,371	-
Due from component unit	105,642	-	105,642	-
Due from primary government	-	-	-	272,375
Lease receivable	4,654,314	-	4,654,314	4,140,375
Financed purchase receivable	-	-	-	2,726,903
Prepaids	120,271	1,400	121,671	10,800
Inventories	92,833	240,337	333,170	-
Note receivable from primary government	-	-	-	300,000
Capital assets:				
Land	10,210,630	1,639,066	11,849,696	11,856,731
Depreciable and amortizable assets, net	206,888,671	76,607,993	283,496,664	8,243,522
Construction in progress	27,982,464	12,670,552	40,653,016	-
Total assets	381,357,353	136,839,169	518,196,522	35,579,839
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	3,123,269	289,792	3,413,061	-
Deferred outflows - OPEB	131,430	12,195	143,625	-
Deferred loss on refunding	-	510,039	510,039	-
Total deferred outflows of resources	3,254,699	812,026	4,066,725	-
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	11,220,800	969,329	12,190,129	711,319
Due to component unit	172,375	100,000	272,375	-
Due to primary government	-	-	-	105,642
Accrued interest payable	527,819	211,895	739,714	39,269
Retainage payable	190,954	-	190,954	-
Customer deposits	354,142	1,831,232	2,185,374	-
Unearned revenue	3,067,428	-	3,067,428	-
Non-current liabilities:				
Due within one year	8,130,852	3,288,179	11,419,031	841,265
Due in more than one year	75,064,898	39,150,446	114,215,344	16,662,524
Total liabilities	98,729,268	45,551,081	144,280,349	18,360,019
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	43,040	-	43,040	-
Deferred inflows - pension	2,752,013	255,345	3,007,358	-
Deferred inflows - OPEB	50,824	4,716	55,540	-
Deferred inflows - leases	4,596,493	-	4,596,493	4,077,216
Total deferred inflows of resources	7,442,370	260,061	7,702,431	4,077,216
NET POSITION				
Net investment in capital assets	193,734,603	58,985,491	252,720,094	2,667,666
Restricted:				
Construction	39,807,477	5,547,764	45,355,241	-
Economic development	1,150,334	-	1,150,334	10,260,674
Stormwater drainage	1,296,963	-	1,296,963	-
Street maintenance	1,557,962	-	1,557,962	-
Streetscape	378,507	-	378,507	-
Debt service	812,833	-	812,833	214,264
Other	588,975	-	588,975	-
Unrestricted	39,112,760	27,306,798	66,419,558	-
TOTAL NET POSITION	$ 278,440,414	$ 91,840,053	$ 370,280,467	$ 13,142,604

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
For the Year Ended September 30, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Functions/Programs:				
Governmental activities:				
General government	$ 11,340,090	$ 364,807	$ 1,581,905	$ 13,277,292
Community service	3,863,583	5,281,100	68,590	-
Public safety	25,905,436	2,303,888	5,398,495	-
Public works	7,542,098	1,209,347	-	3,655,941
Culture and recreation	8,000,800	4,996,460	-	-
Interest expense	2,258,043	-	-	-
Total governmental activities	58,910,050	14,155,602	7,048,990	16,933,233
Business-type activities:				
Water and sewer services	15,915,334	21,588,921	-	1,296,399
Solid waste services	2,751,070	3,334,622	-	-
Total business-type activities	18,666,404	24,923,543	-	1,296,399
TOTAL PRIMARY GOVERNMENT	$ 77,576,454	$ 39,079,145	$ 7,048,990	$ 18,229,632
COMPONENT UNITS:				
Economic Development Corporation	$ 2,424,647	$ -	$ 280,212	$ -
Community Development Corporation	985,515	-	240,893	-
TOTAL COMPONENT UNITS	$ 3,410,162	$ -	$ 521,105	$ -
General revenues:				
Property taxes, penalty, and interest				
Sales taxes				
Franchise taxes				
Interest				
Gain on disposal of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
NET POSITION, END OF YEAR				

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ 3,883,914	$ -	$ 3,883,914	$ -
1,486,107	-	1,486,107	-
(18,203,053)	-	(18,203,053)	-
(2,676,810)	-	(2,676,810)	-
(3,004,340)	-	(3,004,340)	-
(2,258,043)	-	(2,258,043)	-
(20,772,225)	-	(20,772,225)	-
-	6,969,986	6,969,986	-
-	583,552	583,552	-
-	7,553,538	7,553,538	-
$ (20,772,225)	$ 7,553,538	$ (13,218,687)	$ -
$ -	$ -	$ -	$ (2,144,435)
-	-	-	(744,622)
$ -	$ -	$ -	$ (2,889,057)
$ 31,503,691	$ -	$ 31,503,691	$ -
8,820,224	-	8,820,224	5,136,990
2,648,377	215,412	2,863,789	-
530,582	120,484	651,066	69,479
1,268,703	11,360	1,280,063	-
164,286	-	164,286	375,315
(8,802,076)	8,802,076	-	-
36,133,787	9,149,332	45,283,119	5,581,784
15,361,562	16,702,870	32,064,432	2,692,727
263,078,852	75,137,183	338,216,035	10,449,877
$ 278,440,414	$ 91,840,053	$ 370,280,467	$ 13,142,604

Town of Little Elm, Texas
Balance Sheet
Governmental Funds
September 30, 2022

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total
ASSETS							
Cash and cash equivalents	$ 11,895,122	$ 618,011	$ 11,276,949	$ -	$ 210,451	$ 2,282,477	$ 26,283,010
Investments	29,183,150	330,584	6,753,002	-	112,576	1,220,364	37,599,676
Restricted cash and cash equivalents	-	-	2,046,859	-	-	3,702,233	5,749,092
Restricted investments	-	-	24,330,214	26,640,307	-	395,908	51,366,429
Receivables, net of allowance for doubtful accounts:							
Taxes	1,427,218	39,646	-	-	-	357,022	1,823,886
Franchise fees	1,047,482	-	-	-	-	-	1,047,482
Other	846,503	-	19,354	50,069	306	162,856	1,079,088
Leases	647,175	-	-	-	4,007,139	-	4,654,314
Due from other governments	373,196	-	1,289,318	-	32,857	-	1,695,371
Due from component unit	-	105,642	-	-	-	-	105,642
Due from other funds	-	246,998	-	-	22,775	66,523	336,296
Prepaids	120,221	-	-	-	-	50	120,271
Inventories	92,833	-	-	-	-	-	92,833
Total assets	$ 45,632,900	$ 1,340,881	$ 45,715,696	$ 26,690,376	$ 4,386,104	$ 8,187,433	$ 131,953,390
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and other current liabilities	$ 2,313,747	$ 229	$ 1,336,223	$ 6,500,498	$ 54,691	$ 1,014,294	$ 11,219,682
Due to other funds	336,296	-	-	-	-	-	336,296
Due to component unit	-	-	172,375	-	-	-	172,375
Accrued interest payable	-	106,461	-	-	-	-	106,461
Retainage payable		-	126,183	-	-	64,771	190,954
Unearned revenue	553,294	-	-	-	-	2,514,134	3,067,428
Deposits	26,318	-	327,824	-	-	-	354,142
Total liabilities	3,229,655	106,690	1,962,605	6,500,498	54,691	3,593,199	15,447,338
Deferred inflows of resources:							
Unavailable resources	1,032,918	30,292	345,992	-	3,966,823	-	5,376,025
Total deferred inflows of resources	1,032,918	30,292	345,992	-	3,966,823	-	5,376,025
FUND BALANCES							
Nonspendable	213,054	-	-	-	-	50	213,104
Restricted	-	1,203,899	43,407,099	20,189,878	364,590	4,594,184	69,759,650
Unassigned	41,157,273	-	-	-	-	-	41,157,273
Total fund balances	41,370,327	1,203,899	43,407,099	20,189,878	364,590	4,594,234	111,130,027
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 45,632,900	$ 1,340,881	$ 45,715,696	$ 26,690,376	$ 4,386,104	$ 8,187,433	$ 131,953,390

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
September 30, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	$	111,130,027
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements (less $5,353,746 in assets allocated to governmental activities from the internal service fund).		239,728,019
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.		(421,358)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		779,532
Unamortized gains on refunding are not reported in the governmental funds financial statements. In the government-wide financial statements, the gains are reported as deferred inflows of resources.		(43,040)
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. This amount represents the assets less the liabilities of the internal service fund allocated to governmental activities.		10,011,122
Net deferred outflows/inflows of resources related to the Town's net pension and total OPEB liability increases net position.		451,862
Net pension liability ($3,306,573) and total OPEB liability ($548,846) are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements.		(3,855,419)
Premiums on bond issuance for governmental activities debt are included in other financing sources in the governmental funds financial statements; but are reported as liabilities and amortized into expense.		(4,415,609)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(3,417,664)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(71,507,058)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	278,440,414

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2022

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total
REVENUES							
Taxes:							
Property taxes, penalty, and interest	$ 23,713,372	$ 5,783,094	$ -	$ -	$ -	$ 2,016,713	$ 31,513,179
General sales and use taxes	6,915,552	-	-	-	-	1,904,672	8,820,224
Other taxes and franchise fees	2,587,775	-	-	-	-	60,602	2,648,377
Licenses and permits	4,512,711	-	93,521	-	-	-	4,606,232
Intergovernmental	6,971,984	940,361	3,709,788	-	100,106	222,511	11,944,750
Charges for services	7,152,912	-	-	-	-	733,326	7,886,238
Impact fees	-	-	567,432	-	-	-	567,432
Fines and forfeitures	1,032,166	-	-	-	-	62,317	1,094,483
Contributions	1,430	-	1,000,000	10,933,274	-	20,990	11,955,694
Interest	92,698	13,309	153,383	186,194	1,967	79,257	526,808
Other revenues	916,973	-	105,151	7,670	255,967	-	1,285,761
Total revenues	53,897,573	6,736,764	5,629,275	11,127,138	358,040	5,100,388	82,849,178
EXPENDITURES							
Current:							
General government	5,584,513	-	-	4,569,864	-	1,758,075	11,912,452
Community services	3,412,372	-	-	-	453,866	-	3,866,238
Public safety	25,434,215	-	-	-	-	251,243	25,685,458
Public works	2,802,335	-	-	-	-	2,435,925	5,238,260
Culture and recreation	7,015,426	-	-	-	-	3,567	7,018,993
Debt service:							
Principal retirement	-	4,670,000	-	-	-	-	4,670,000
Interest and fiscal agent fees	-	2,062,810	-	-	-	-	2,062,810
Other debt service costs	-	-	171,633	472,668	-	-	644,301
Capital outlay	1,375,494	-	8,185,425	12,677,533	741,639	90,135	23,070,226
Total expenditures	45,624,355	6,732,810	8,357,058	17,720,065	1,195,505	4,538,945	84,168,738
Excess (deficiency) of revenues over (under) expenditures	8,273,218	3,954	(2,727,783)	(6,592,927)	(837,465)	561,443	(1,319,560)
OTHER FINANCING SOURCES (USES)							
Issuance of certificates of obligation	-	-	9,560,000	-	-	-	9,560,000
Premium on debt issuances	-	-	615,513	-	-	-	615,513
Leases issued	17,058	-	-	-	-	-	17,058
Sale of capital assets	5,097	-	-	-	-	-	5,097
Insurance recoveries	171,074	-	-	-	-	-	171,074
Transfers in	2,239,333	322,394	2,575,748	-	391,000	-	5,528,475
Transfers out	(2,500,000)	-	-	(11,292,582)	-	(537,969)	(14,330,551)
Total other financing sources (uses)	(67,438)	322,394	12,751,261	(11,292,582)	391,000	(537,969)	1,566,666
Net change in fund balances	8,205,780	326,348	10,023,478	(17,885,509)	(446,465)	23,474	247,106
Fund balance at beginning of year	33,164,547	877,551	33,383,621	38,075,387	811,055	4,570,760	110,882,921
FUND BALANCE, END OF YEAR	$ 41,370,327	$ 1,203,899	$ 43,407,099	$ 20,189,878	$ 364,590	$ 4,594,234	$ 111,130,027

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to Statement of Activities
For the Year Ended September 30, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	247,106
Amounts reported for governmental funds in the statement of activities are different because:		
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(767,357)
This amount is the amount of governmental activities capital asset additions for the current period, $30,459,731, less $8,335,593 in developer contributions and $1,821,967 of additions allocated from the internal service fund.		20,302,171
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position. This amount represents total depreciation expense of $9,372,262 less the internal service fund depreciation expense of $1,159,633.		(8,212,629)
Donation of property from developers is not reported in the governmental funds. However, in the statement of activities, the fair value of those assets is recognized as revenue.		8,335,593
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond issuance costs, bond premiums, and deferred gain/loss on refunding of long term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenses, and changes in fund balance. This amount represents the net effect of the following items:		
Debt issued		(9,560,000)
Premiums from debt issuance		(615,513)
Repayments of bonds		4,670,000
Lease additions		(17,058)
Current year amortization of deferred gain on refunding		(9,129)
Current year amortization of premium on bonds		310,789
Changes in compensated absences are not reported in the fund financial statements. The net effect of the current year increase is to decrease net position.		(315,900)
The following is the net effect of a decrease in the Town's net pension liability, $2,421,528, an increase in deferred inflows of resources, ($1,726,462), and a decrease in deferred outflows, ($80.637).		614,429
The following is the net effect of an increase in the Town's net OPEB liability, ($59,699), a decrease in deferred inflows of resources, $1,831, and a decrease in deferred outflows, ($6.990).		(64,858)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net income of the internal service fund is allocated entirely to governmental activities.		577,830
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(133,912)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	15,361,562

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Net Position
Proprietary Funds
September 30, 2022

	Business-type Activities Enterprise funds			Governmental Activities-
	Water and Sewer	Solid Waste	Total	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	$ 20,885,410	$ 510,184	$ 21,395,594	$ 3,021,995
Investments	11,161,721	272,906	11,434,627	1,616,504
Restricted investments	9,045,349	-	9,045,349	-
Receivables (net of allowance for uncollectibles)	3,441,181	363,070	3,804,251	19,995
Prepaids	1,400	-	1,400	-
Inventories	240,337	-	240,337	-
Total current assets	44,775,398	1,146,160	45,921,558	4,658,494
Capital assets:				
Land	1,639,066	-	1,639,066	-
Depreciable assets, net	76,366,137	241,856	76,607,993	5,353,746
Construction in progress	12,670,552	-	12,670,552	-
Total capital assets	90,675,755	241,856	90,917,611	5,353,746
Total assets	135,451,153	1,388,016	136,839,169	10,012,240
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	289,792	-	289,792	-
Deferred outflows - OPEB	12,195	-	12,195	-
Deferred loss on refunding	510,039	-	510,039	-
Total deferred outflows of resources	812,026	-	812,026	-
Total assets and deferred outflows of resources	$ 136,263,179	$ 1,388,016	$ 137,651,195	$ 10,012,240
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and other accrued liabilities	$ 726,704	$ 242,625	$ 969,329	$ 1,118
Due to Component Unit	100,000	-	100,000	-
Accrued interest payable	211,895	-	211,895	-
Customer deposits	1,831,232	-	1,831,232	-
Current portion of long-term debt	3,288,179	-	3,288,179	-
Total current liabilities	6,158,010	242,625	6,400,635	1,118
Long-term debt, net of current portion	39,150,446	-	39,150,446	-
Total liabilities	45,308,456	242,625	45,551,081	1,118
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	255,345	-	255,345	-
Deferred inflows - OPEB	4,716	-	4,716	-
Total deferred inflows of resources	260,061	-	260,061	-
Net position:				
Net investment in capital assets	58,743,635	241,856	58,985,491	5,353,746
Restricted for:				
Construction - impact fees	5,547,764	-	5,547,764	-
Unrestricted	26,403,263	903,535	27,306,798	4,657,376
Total net position	90,694,662	1,145,391	91,840,053	10,011,122
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 136,263,179	$ 1,388,016	$ 137,651,195	$ 10,012,240

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities Enterprise funds			Governmental-Activities
	Water and Sewer	Solid Waste	Total	Internal Service Fund
OPERATING REVENUES				
Water sales	$ 12,849,496	$ -	$ 12,849,496	$ -
Charges for sewer services	8,081,183	-	8,081,183	-
Tap, connections, and other fees	641,707	-	641,707	-
Charges for solid waste	-	3,334,622	3,334,622	-
Contributions	-	-	-	1,644,565
Other revenue	16,535	-	16,535	-
Total operating revenues	21,588,921	3,334,622	24,923,543	1,644,565
OPERATING EXPENSES				
Personnel services	2,602,501	43,844	2,646,345	-
Contractual services	623,821	2,550,859	3,174,680	-
Repairs and maintenance	449,112	73,241	522,353	-
Water purchases	5,486,446	-	5,486,446	-
Supplies	1,612,047	33,372	1,645,419	59,271
Depreciation	3,163,084	49,063	3,212,147	1,159,633
Other operating expenses	707,824	691	708,515	15,893
Total operating expenses	14,644,835	2,751,070	17,395,905	1,234,797
Operating income	6,944,086	583,552	7,527,638	409,768
NONOPERATING REVENUES (EXPENSES)				
Taxes	-	215,412	215,412	-
Gain on disposal of assets	11,360	-	11,360	164,288
Interest income	119,187	1,297	120,484	3,774
Interest expense	(1,270,499)	-	(1,270,499)	-
Total non-operating revenue (expenses)	(1,139,952)	216,709	(923,243)	168,062
Income before capital contributions and transfers	5,804,134	800,261	6,604,395	577,830
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	268,074	-	268,074	-
Impact fees	1,028,325	-	1,028,325	-
Transfers in	11,292,582	-	11,292,582	-
Transfers out	(1,924,506)	(566,000)	(2,490,506)	-
Total capital contributions and transfers	10,664,475	(566,000)	10,098,475	-
Change in net position	16,468,609	234,261	16,702,870	577,830
Net position at beginning of year	74,226,053	911,130	75,137,183	9,433,292
NET POSITION, END OF YEAR	$ 90,694,662	$ 1,145,391	$ 91,840,053	$ 10,011,122

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities-
	Water and Sewer	Solid Waste	Total	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 21,731,212	$ 3,256,427	$ 24,987,639	$ -
Payments to suppliers	(8,475,524)	(2,679,856)	(11,155,380)	(88,633)
Payments to employees	(2,634,836)	(20,165)	(2,655,001)	-
Cash received (paid) from transactions with other funds	-	-	-	1,655,457
Net cash provided by operating activities	10,620,852	556,406	11,177,258	1,566,824
CASH FLOW FROM NONCAPITAL FINACING ACTIVITIES				
Transfers in	11,292,582	-	11,292,582	-
Transfers out	(1,924,506)	(566,000)	(2,490,506)	-
Taxes	-	215,412	215,412	-
Net cash provided (used) by noncapital financing activities	9,368,076	(350,588)	9,017,488	-
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(11,605,152)	(52,454)	(11,657,606)	(1,670,853)
Proceeds from disposal of capital assets	11,360	-	11,360	13,174
Impact fees	1,028,325	-	1,028,325	-
Principal paid on capital debt	(3,025,000)	-	(3,025,000)	-
Interest paid on capital debt	(1,380,120)	-	(1,380,120)	-
Net cash used by capital financing activities	(14,970,587)	(52,454)	(15,023,041)	(1,657,679)
CASH FLOW FROM INVESTING ACTIVITIES				
Net purchases of investments	(10,452,847)	(255,491)	(10,708,338)	(1,485,547)
Interest and dividends on investments	119,187	1,297	120,484	3,774
Net cash used by investing activities	(10,333,660)	(254,194)	(10,587,854)	(1,481,773)
Net decrease in cash and cash equivalents	(5,315,319)	(100,830)	(5,416,149)	(1,572,628)
Cash and cash equivalents, beginning of the year	26,200,729	611,014	26,811,743	4,594,623
Cash and cash equivalent, ending of the year	$ 20,885,410	$ 510,184	$ 21,395,594	$ 3,021,995
NONCASH TRANSACTIONS				
Capital contributions	$ 268,074	$ -	$ 268,074	$ -

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Year Ended September 30, 2022

	Water and Sewer	Solid Waste	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 6,944,086	$ 583,552	$ 7,527,638	$ 409,768
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	3,163,084	49,063	3,212,147	1,159,633
Pension and OPEB expense (net)	(57,453)	-	(57,453)	-
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	(118,044)	(78,194)	(196,238)	10,892
Decrease (increase) in inventories	56,832	-	56,832	-
Decrease (increase) in prepaids	1,607	-	1,607	
Increase (decrease) in payables	345,287	9,357	354,644	(13,469)
Increase (decrease) in deposits	260,335	-	260,335	-
Increase (decrease) in compensated absences	25,118	(7,372)	17,746	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 10,620,852	$ 556,406	$ 11,177,258	$ 1,566,824

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement Fiduciary Net Position
Fiduciary Fund
September 30, 2022

	PID Custodial Fund
ASSETS	
Investments	$ 14,592,307
Receivables	16,406
TOTAL ASSETS	14,608,713
LIABILITIES	-
NET POSITION	
Restricted for:	
Debt service	14,608,713
TOTAL NET POSITION	$ 14,608,713

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended September 30, 2022

	PID Custodial Fund
ADDITIONS	
Property taxes collected in district	$ 11,061,190
Total additions	11,061,190
DEDUCTIONS	
Payments to bond holders	7,845,933
Total deductions	7,845,933
Change in net position	3,215,257
Net position - beginning of year	11,393,456
NET POSITION - ENDING	$ 14,608,713

The accompanying notes to the basic financial statements are an integral part of this statement.

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Town of Little Elm, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2022

ASSETS	Economic Development Corporation	Community Development Corporation	Total
Current assets:			
Cash and cash equivalents	$ 4,961,176	$ 1,238,320	$ 6,199,496
Investments	-	662,395	662,395
Receivables (net of allowance for uncollectibles)	847,079	320,163	1,167,242
Due from primary government	272,375	-	272,375
Leases receivable	4,140,375	-	4,140,375
Financed purchases receivable	2,726,903	-	2,726,903
Note receivable from primary government-current	100,000	-	100,000
Prepaid	10,800	-	10,800
Non-current assets:			
Note receivable from primary government	200,000	-	200,000
Land	11,856,731	-	11,856,731
Depreciable assets, net	8,243,522	-	8,243,522
TOTAL ASSETS	33,358,961	2,220,878	35,579,839
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	710,844	475	711,319
Due to primary government	105,642	-	105,642
Accrued interest payable	39,269	-	39,269
Non-current liabilities:			
Due within one year	841,265	-	841,265
Due in more than one year	16,662,524	-	16,662,524
TOTAL LIABILITIES	18,359,544	475	18,360,019
DEFERRED INFLOWS OF RESOURCES			
Leases	4,077,216	-	4,077,216
NET POSITION			
Net investment in capital assets	2,667,666	-	2,667,666
Restricted for economic development	8,040,271	2,220,403	10,260,674
Restricted for debt service	214,264	-	214,264
TOTAL NET POSITION	$ 10,922,201	$ 2,220,403	$ 13,142,604

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2022

		Program Revenues	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES			
Economic Development Corporation	$ 2,424,647	$ 280,212	$ -
Community Development Corporation	985,515	240,893	-
TOTAL COMPONENT UNITS	$ 3,410,162	$ 521,105	$ -

General revenues:
Sales taxes
Investment income
Miscellaneous

Total general revenues

Change in net position
Net position - beginning of year

NET POSITION - END OF YEAR

The accompanying notes to the basic financial statements are an integral part of this statement.

Component Units		
Economic Development Corporation	Community Development Corporation	Total
$ (2,144,435)	$ -	$ (2,144,435)
-	(744,622)	(744,622)
$ (2,144,435)	$ (744,622)	$ (2,889,057)
3,409,861	1,727,129	$ 5,136,990
68,362	1,117	69,479
375,315	-	375,315
3,853,538	1,728,246	5,581,784
1,709,103	983,624	2,692,727
9,213,098	1,236,779	10,449,877
$ 10,922,201	$ 2,220,403	$ 13,142,604

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Note 1. Summary of Significant Accounting Policies

The Town of Little Elm, Texas (the Town) is a municipal corporation governed by an elected mayor and six-member Town Council and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities, and solid waste services.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation expenses on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary and fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

Little Elm Economic Development Corporation

The Little Elm Economic Development Corporation (EDC) is a duly-established municipal corporation created under the provisions of Section 4A of the Development Corporation Act of 1976 as revised, with approval of the governing body of the Town of Little Elm. The EDC, a separate non-profit corporation, was formed in 1993 for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of the public welfare and is operated primarily within the geographic boundaries of the Town. The affairs of the EDC shall be managed by a Board of Directors consisting of five members who shall be appointed by the Town council: one director from the Town council and four directors at-large. The EDC is supported by a half-cent sales tax voted by referendum in 1993. An Executive Director is appointed by the EDC Board to carry out the Board's administrative and policy initiatives. The EDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The EDC does not issue separate financial statements.

Little Elm Community Development Corporation

The Little Elm Community Development Corporation (CDC) is a separate entity formed in February 2007 to improve and expand park and recreation facilities from revenue generated through the Type 4B sales tax. The CDC operates under the authority of Section 2(11)-(A)-(E) and Section 4B of Article 5190.6 of Revised Civil Statutes, as amended. The CDC is considered part of the Town's reporting entity and is presented in the accompanying basic financial statements as a discretely presented component unit. The CDC is a discretely presented component unit under the criteria of board appointment and removal by the Town Council, approval and oversight of capital projects as well as budget authorization and approval. The CDC does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Three (TIRZ #3)

The Town created Tax Increment Reinvestment Zone Number Three (TIRZ#3) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#3 commenced October 2013 and will terminate on December 31, 2043, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. Although TIRZ#3 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances, TIRZ#3 qualifies for blending because the Board is the same as the Town Council. Previous to fiscal year 2017, TIRZ#3 had been reported as a discretely presented component unit, but is now reported as a blended component unit of the Town as ordinance #1413 was approved in 2017 clarifying the composition of the Board as described above. TIRZ#3 does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Four (TIRZ #4)

The Town created Tax Increment Reinvestment Zone Number Four (TIRZ#4) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#4 commenced December 2013 and will terminate on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#4 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#4 qualifies for blending because the Board is the same as the Town Council. TIRZ#4 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Five (TIRZ #5)

The Town created Tax Increment Reinvestment Zone Number Five (TIRZ#5) to provide additional financing resources to further enhance development within the zone. TIRZ#5 commenced December 2014 and was amended in FY 2021 and will terminate on December 31, 2060, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#5 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#5 qualifies for blending because the Board is the same as the Town Council. TIRZ#5 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Six (TIRZ #6)

The Town created Tax Increment Reinvestment Zone Number Six (TIRZ#6) to provide additional financing resources to further enhance development within the zone. TIRZ#6 commenced November 1, 2016 and will terminate on December 31, 2052, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#6 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#6 qualifies for blending because the Board is the same as the Town Council. TIRZ#6 is reported as a blended component unit of the Town and it does not issue separate financial statements.

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures /expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting
The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

General Fund is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town.

Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Public Improvement Districts (PIDs) within the Town.

Landscape Fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular to manage the medians and screening walls along all street thoroughfares.

The Town reports the following non-major governmental funds.

Dedicated Funds accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund – this Special Purpose District provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021.

Hotel Occupancy Tax Fund accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%). The Town's five year financial plan includes a hotel to come online in spring of 2023.

Stormwater Drainage Fund accounts for fees charged for stormwater drainage services.

PEG Fund accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund accounts for the grant expenditures for emergency activity due to the COVID 19 pandemic.

Little Elm TIRZ#3 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 3.

Little Elm TIRZ#4 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 4.

Little Elm TIRZ#5 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 5.

Little Elm TIRZ#6 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 6.

Highway 380 MMD fund accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Governmental funds with legally adopted annual budgets include the General Fund, the Debt Service Fund and all Special Revenue Funds.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation on capital assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The Water and Sewer Fund is used to account for the operations of providing water and sewer services to residential and commercial customers.

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users.

Additionally, the Town reports an Internal Service Fund to account for the financing of goods or services provided by one department to other departments within the Town. The Vehicle Replacements fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town.

3. Fiduciary Funds:

The Town reports the following fiduciary fund:

Public Improvement District (PID) Custodial Fund accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as the custodian for the Public Improvement Districts within the Town.

E. Cash and Cash Equivalents

Cash of all funds, excluding the Town's payroll clearing account, medical card account, and certain escrow accounts, is pooled into a common interest-earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town.

The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

Restricted cash and cash equivalents represent bond debt service reserves and restricted accounts required to be established under the various TIRZ and PID agreements of the Town.

F. Inventories, Prepaid Items and Deferred Charges

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. Inventories in the Proprietary Funds consist of meters and various supplies.

Prepaid balances are for payments made by the Town for which benefits extend beyond September 30, 2022, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. The cost of prepaid services is recorded based on when prepaids are consumed rather than when purchased.

G. Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes, sales taxes, franchise taxes and amounts due from other governments. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

H. Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

I. Capital Assets

Capital assets, which include property, plant, equipment, right to use assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000. Such assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government, as well as the component units, are depreciated or amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 40
Infrastructure	10 - 25
Water and sewer system	40
Improvements other than buildings	7 - 40
Machinery and equipment	3 - 20

J. Interfund Transactions

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

K. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Leases

Lessee

The Town is a lessee for noncancellable leases of property and equipment. The Town recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the Town is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The Town is a lessor for noncancellable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Town recorded lease revenue, including interest of $7,067 during the fiscal year ended September 30, 2022.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

N. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the Town's Total Pension and Total OPEB Liabilities is obtained from TMRS through reports prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category:

- **Deferred Loss or Gain on Refunding** – these deferred outflows and inflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- **Pension / OPEB** – some deferred outflows result from pension/ OPEB contributions after the measurement date (deferred and recognized as a reduction of the liability in the following fiscal year). Deferred outflows/inflows result from pension/OPEB differences in projected and actual earnings on pension / OPEB assets (deferred and amortized over a closed five year period). Deferred outflows/inflows may also occur from the changes in pension/OPEB actuarial assumptions and/or from the difference in expected and actual experiences which are deferred and amortized over the average remaining service lives of the members.
- **Leases** – some deferred inflows result from the lease receivable being initially set equal to the lease receivable with the balance being amortized into revenue over the life of the lease.

P. Fund Equity

Governmental Funds:
The Town has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.

Unassigned fund balance: is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds: When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Economic stabilization: It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures. Current reserve levels are in excess of 70% of budgeted expenditures.

Proprietary Funds:
Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent debt proceeds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Q. GASB 87 Implementation

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 was implemented in the Town's 2022 financial statements. There was no change to balances previously reported as a result of this implementation.

R. Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2022 through March 20, 2023, the date the financial statements were issued.

Note 2. Cash and Investments

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

The EDC can invest in obligations of the United States Treasury, the State of Texas, certain United States Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At year end, the carrying amount of the Town's deposits was $62,646,727 and the bank balance was $63,098,263. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2022 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government:	
Cash and cash equivalents	$ 50,700,599
Investments	50,650,807
Restricted cash and cash equivalents	5,749,092
Restricted investments	60,411,778
Fiduciary Fund:	
Investments	14,592,307
Component Units:	
Cash and cash equivalents	6,199,496
Investments	662,395
Total cash and investments	$ 188,966,474
Cash on hand	$ 2,460
Deposits with financial institutions	62,646,727
Investments	126,317,287
Total cash and investments	$ 188,966,474

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. Agency obligations	5 years	None	None
Certificates of deposit	5 years	None	None
Direct repurchase agreements	5 years	None	None
No-load money market mutual funds	5 years	None	None
Direct obligations of State of Texas	5 years	None	None
Investment pools	5 years	None	None

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization for negotiable investments. The minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for the mutual funds held by the Town and TexPool Prime was AAA-m at September 30, 2022.

Concentration of credit risk

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

Custodial credit and interest rate risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent.

As of September 30, 2022 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to no more than nine months.

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

Mutual funds reported as level 1 are valued at the net asset value (NAV) of shares held by the Town at year end. The NAV is a quoted price in an active market. Negotiable certificates of deposit are held with a financial investment institution and are bought and sold as part of the Town's investment portfolio. Negotiable certificates of deposit are measured at fair value with level 2 inputs. U.S. Government Securities reported as level 2 are valued using a matric pricing technique. Matrix pricing is used to value securities' relationship to benchmark quoted prices.

		Fair Value Measurements Using				
	Value at September 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not subject to fair value:						
Investment pools:						
TexPool	$ 7,568,153	$ -	$ -	$ -	5.99%	24
TexPool Prime	7,772,584	-	-	-	6.15%	24
LOGIC	32,547,126	-	-	-	25.77%	19
Money market funds	39,542,114	-	-	-	31.30%	19
Subject to fair value level:						
Marketable equity securities:						
Mutual funds - short term investments	1,690,500	1,690,500	-	-	1.34%	19
U.S. Treasury Notes	12,364,475	-	12,364,475	-	9.79%	221
U.S. Agency Bonds	19,825,250	-	19,825,250	-	15.69%	316
Negotiable certificate of deposits	5,007,085	-	5,007,085	-	3.96%	315
Total value	$ 126,317,287	$ 1,690,500	$ 37,196,810	$ -		

Investment in State Investment Pools

The Town is a voluntary participant in three investment pools: TexPool, TexPool Prime, and LOGIC. It is noted that investment pools are not subject to the fair value hierarchy.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and TexPool Prime and other persons who do not have a business relationship with TexPool or TexPool Prime. TexPool and TexPool Prime operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexPool Prime use amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool and TexPool Prime is the same as the value of TexPool and TexPool Prime shares.

LOGIC investment pool is an external investment pool measured at fair value. Its strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. LOGIC has redemption notice period of one day and may redeem daily. The pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

Note 3. Property Taxes

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal year 2022 (2021 tax) levy was based was approximately $5,210,188,414. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to $2.50 per $100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars ($100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2022 was $0.643948 per $100 of assessed valuation. Current tax collections for the year ended September 30, 2022 were approximately 99.65% of the tax levy.

Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2022 are as follows:

	Governmental Activities							
	General	Debt Service	Capital Projects	PID Capital Projects	Landscape Fund	Nonmajor Funds	Internal Service	Total
Ad valorem taxes	$ 188,616	$ 47,688	$ -	$ -	$ -	$ -	$ -	$ 236,304
Sales taxes	1,273,455	-	-	-	-	357,022	-	1,630,477
Court	1,529,397	-	-	-	-	-	-	1,529,397
Ambulance	1,133,903	-	-	-	-	-	-	1,133,903
Storm drainage	-	-	-	-	-	170,097	-	170,097
Franchise fees	1,047,482	-	-	-	-	-	-	1,047,482
Other	394,750	-	19,354	50,069	306	7,913	19,995	492,387
Gross receivables	5,567,603	47,688	19,354	50,069	306	535,032	19,995	6,240,047
Less: allowances	(2,246,400)	(8,042)	-	-	-	(15,154)	-	(2,269,596)
Net total receivables	$ 3,321,203	$ 39,646	$ 19,354	$ 50,069	$ 306	$ 519,878	$ 19,995	$ 3,970,451

	Enterprise Funds (Business-Type Activities)		
	Water and Sewer	Solid Waste	Total
Customer accounts	$ 3,417,491	$ 388,495	$ 3,805,986
Note receivable	300,000	-	300,000
Other	9,345	741	10,086
Gross receivables	3,726,836	389,236	4,116,072
Less: allowances	(285,655)	(26,166)	(311,821)
Net total receivables	$ 3,441,181	$ 363,070	$ 3,804,251

	Component Units		
	EDC	CDC	Total
Sales taxes	$ 636,727	$ 318,364	$ 955,091
Other	210,352	1,799	212,151
Total receivables	$ 847,079	$ 320,163	$ 1,167,242

Leases Receivable

The Town and EDC are lessors for non-cancelable leases of the right-to-use of land, buildings and infrastructure. The Town's leases have interest rates that range from 0.000% to 1.882% annually and terms that range from 15 to 42 years. The Town has $4,654,314 remaining in leases receivable and $4,596,493 of deferred inflows of resources as of September 30, 2022. The Town recorded $198,738 of lease revenue, including interest, during the fiscal year. EDC has $4,140,375 of leases receivable remaining and $4,077,216 of deferred inflows of resources as of September 30, 2022. EDC's leases have interest rates that range from 1% to 1.882% annually and terms that range from 10 to 50 years. EDC recorded $178,371 in lease revenue, including interest during the fiscal year.

As of September 30, 2022, the expected lease receipts through the expiration of all leases are as follows:

Leases Receivable

Fiscal Year Ending September 30,	Governmental Activities - Town			EDC		
	Principal	Interest	Total	Principal	Interest	Total
2023	$ 175,216	$ 52,608	$ 227,824	$ 58,163	$ 77,650	$ 135,813
2024	182,207	50,472	232,679	59,666	76,547	136,213
2025	189,454	48,225	237,679	61,205	75,416	136,621
2026	196,964	45,865	242,829	62,366	74,255	136,621
2027	204,749	43,386	248,135	63,548	73,073	136,621
2028-2032	1,150,694	175,292	1,325,986	336,278	346,827	683,105
2033-2037	1,297,762	93,283	1,391,045	369,390	313,715	683,105
2038-2042	407,423	40,904	448,327	405,763	277,342	683,105
2043-2047	286,734	30,266	317,000	445,717	237,388	683,105
2048-2052	286,733	23,267	310,000	489,605	193,500	683,105
2053-2057	154,285	15,715	170,000	507,721	145,384	653,105
2058-2062	92,581	7,419	100,000	431,512	101,593	533,105
2063-2067	29,512	488	30,000	473,982	59,123	533,105
2068-2072	-	-	-	375,459	14,624	390,083
Total	$ 4,654,314	$ 627,190	$ 5,281,504	$ 4,140,375	$ 2,066,437	$ 3,414,309

Financed Purchases Receivable

EDC leases certain Corporation-owned property to a company for use in its business. The lease is classified as a financed purchase and expires in 2043. Due to the transfer of ownership at the end of the lease, it is not classified as a lease under GASB 87. The following are the components of the EDC's net investment in direct financing leases and reported as financed purchases receivable as of September 30, 2022:

Total minimum lease payments to be received	$ 4,162,576
less: unearned interest income	(1,435,673)
Net investment in direct financing lease	$ 2,726,903

As of September 30, 2022, minimum lease payments are as follows:

Fiscal Year	Amount
2023	$ 205,559
2024	205,559
2025	205,559
2026	205,559
2027	205,559
2028 - 2032	1,027,797
2033 - 2037	1,027,797
2038 - 2042	1,027,797
2043	51,390
	$ 4,162,576

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	$ 9,210,630	$ 1,000,000	$ -	$ -	$ 10,210,630
Construction in progress	35,197,589	18,937,470	-	(26,152,595)	27,982,464
Total capital assets, not being depreciated	44,408,219	19,937,470	-	(26,152,595)	38,193,094
Capital assets being depreciated/amortized:					
Infrastructure	175,637,739	7,335,593	-	441,238	183,414,570
Buildings	39,846,763	-	-	24,344,337	64,191,100
Improvements other than buildings	27,416,264	76,384	-	767,696	28,260,344
Machinery and Equipment	18,766,547	3,086,078	(175,043)	599,324	22,276,906
Right to use assets	-	24,206	-	-	24,206
Total capital assets being depreciated/amorti	261,667,313	10,522,261	(175,043)	26,152,595	298,167,126
Less accumulated depreciation/amortization for:					
Infrastructure	54,199,310	4,352,168	-	-	58,551,478
Buildings	8,583,739	995,341	-	-	9,579,080
Improvements other than buildings	8,548,833	1,764,192	-	-	10,313,025
Machinery and Equipment	10,749,354	2,253,434	(175,043)	-	12,827,745
Right to use assets	-	7,127	-	-	7,127
Total accumulated depreciation/amortization	82,081,236	9,372,262	(175,043)	-	91,278,455
Total capital assets being depreciated/amortized, net	179,586,077	1,149,999	-	26,152,595	206,888,671
Governmental activities capital assets, net	$ 223,994,296	$ 21,087,469	$ -	$ -	$ 245,081,765

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 1,639,066	$ -	$ -	$ -	$ 1,639,066
Construction in progress	1,546,369	11,726,331	-	(602,148)	12,670,552
Total capital assets, not being depreciated	3,185,435	11,726,331	-	(602,148)	14,309,618
Capital assets being depreciated:					
Buildings	2,229,206	-	-	-	2,229,206
Water system improvements	53,138,039	268,076	-	602,148	54,008,263
Sewer system improvements	48,612,936	-	-	-	48,612,936
Machinery and equipment	3,940,177	200,324	-	-	4,140,501
Total capital assets being depreciated	107,920,358	468,400	-	602,148	108,990,906
Less accumulated depreciation for:					
Buildings	273,681	53,404	-	-	327,085
Water system improvements	13,055,034	1,621,373	-	1,112,372	15,788,779
Sewer system improvements	12,966,319	1,206,685	-	(387,044)	13,785,960
Machinery and equipment	2,875,732	330,685	-	(725,328)	2,481,089
Total accumulated depreciation	29,170,766	3,212,147	-	-	32,382,913
Total capital assets being depreciated, net	78,749,592	(2,743,747)	-	602,148	76,607,993
Business-type activities capital assets, net	$ 81,935,027	$ 8,982,584	$ -	$ -	$ 90,917,611

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 219,673
Public safety	1,560,474
Public works	4,413,263
Culture and recreation	2,019,219
Internal service fund	1,159,633
	$ 9,372,262
Business-type activities:	
Solid Waste	$ 49,063
Water and Sewer	3,163,084
	$ 3,212,147

Capital asset activities of the discretely presented component units are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component units:					
Capital assets not being depreciated:					
Land	$ 9,368,064	$ 2,488,667	$ -	$ -	$ 11,856,731
Construction in progress	1,996,930	6,094,657	-	(8,091,587)	-
Total capital assets, not being depreciated	11,364,994	8,583,324	-	(8,091,587)	11,856,731
Capital assets being depreciated:					
Buildings	223,900	-	-	8,091,587	8,315,487
Total capital assets being depreciated	223,900	-	-	8,091,587	8,315,487
Less accumulated depreciation for:					
Buildings	27,055	44,910	-	-	71,965
Total accumulated depreciation	27,055	44,910	-	-	71,965
Total capital assets being depreciated, net	196,845	(44,910)	-	8,091,587	8,243,522
Component unit capital assets, net	$ 11,561,839	$ 8,538,414	$ -	$ -	$ 20,100,253

Note 6. Interfund Activity

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget. Transfers between funds during the year were as follows:

Transfer In	Transfer Out	Amount	Purpose
Capital Projects Fund	General Fund	$ 2,500,000	Funding for government capital projects
Capital Projects Fund	Non-major Governmental Fund	75,748	Funding for government capital projects
Debt Service Fund	Non-major Governmental Fund	322,394	Transfer for debt service payments
General Fund	Water Fund	1,924,506	Funding for operating costs
General Fund	Solid Waste Fund	175,000	Transfer for operating costs
General Fund	Non-major Governmental Fund	139,827	Transfer for operating costs
Landscape fund	Solid Waste Fund	391,000	Transfer for operating costs
Water Fund	PID Capital Projects Fund	11,292,582	Funding for enterprise capital projects
		$ 16,821,057	

During a fiscal year, interfund receivables and payables arise. Interfund payables are expected to be paid within the following year. The following were receivable and outstanding as of September 30, 2022:

Receivable	Payable	Amount	Purpose
Debt Service Fund	General Fund	$ 246,998	Funds owed for allocation of restricted debt service purposes
Landscape Fund	General Fund	22,775	Funds owed for allocation of restricted purposes
Non-major Governmental	General Fund	66,523	Funds owed for allocation of restricted purposes
		$ 336,296	

Note 7. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of these deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Landscape Fund	Total
Property taxes	$ 118,180	$ 30,292	$ -	$ -	$ 148,472
Grants	-	-	345,992	-	345,992
Court fines	152,149	-	-	-	152,149
Ambulance	110,969	-	-	-	110,969
Leases	643,587	-	-	3,952,906	4,596,493
Other	8,033	-	-	13,917	21,950
Total	$ 1,032,918	$ 30,292	$ 345,992	$ 3,966,823	$ 5,376,025

Note 8. Long-Term Debt

The Town of Little Elm issues general obligation bonds, certificates of obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets, or sales tax to pay the debt service.

Changes in Long-term Liabilities

On August 1, 2022, the Town issued $9,560,000 of Combination Tax and Revenue Certificates of Obligation, Series 2022 at a premium of $615,513. Proceeds from the sale of the certificates will be used for construction and equipment of public safety facilities; constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement, and professional services rendered in connection with the construction and financing of the foregoing projects.

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	$ 17,850,000	$ -	$ (2,450,000)	$ 15,400,000	$ 2,390,000
Certificates of obligation	48,750,000	9,560,000	(2,220,000)	56,090,000	3,360,000
Unamortized bond premium	4,110,885	615,513	(310,789)	4,415,609	-
Compensated absences	3,101,764	1,995,992	(1,680,092)	3,417,664	2,373,683
Net pension liability	5,728,101	273,820	(2,695,348)	3,306,573	-
OPEB	489,147	65,724	(6,025)	548,846	-
Leases	-	17,058	-	17,058	7,169
	80,029,897	12,528,107	(9,362,254)	83,195,750	8,130,852
Business-type activities:					
General obligation bonds	15,260,000	-	(1,395,000)	13,865,000	1,440,000
Certificates of obligation	27,025,000	-	(1,530,000)	25,495,000	1,555,000
Unamortized bond premium	2,298,364	-	(170,856)	2,127,508	-
Compensated absences	275,646	231,007	(213,260)	293,393	193,179
Note payable to EDC	400,000	-	(100,000)	300,000	100,000
Net pension liability	540,842	16,044	(250,087)	306,799	-
OPEB	46,185	5,299	(559)	50,925	-
	45,846,037	252,350	(3,659,762)	42,438,625	3,288,179
Total Primary Government	$ 125,875,934	$ 12,780,457	$ (13,022,016)	$ 125,634,375	$ 11,419,031
Component Units:					
Notes payable - EDC	$ 18,166,788	$ -	$ (734,201)	$ 17,432,587	$ 837,255
Compensated absences	36,884	38,327	(4,010)	71,202	4,010
	$ 18,203,672	$ 38,327	$ (738,211)	$ 17,503,789	$ 841,265

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2022:

Certificates of Obligation	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$6,000,000 Series 2012 Combination Tax and Revenue Certificates of Obligation due in annual installments of $280,000 to $495,000 through August 2027, plus interest at 2.00% to 2.38%			$ 2,325,000	$ 435,000
$6,000,000 Series 2013 Combination Tax and Revenue Certificates of Obligation due in annual installments of $150,000 to $335,000 through August 2028, plus interest at 1.50% to 3.00%	$ 3,705,000	$ 290,000		
$3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $130,000 to $210,000 through August 2033, plus interest at 1.50% to 3.50%	1,915,000	150,000		
$9,966,000 Series 2015 Combination Tax and Revenue Certificates of Obligation due in annual installments of $275,000 to $630,000 through August 2036, plus interest at 2.00% to 3.50%	7,260,000	435,000		
$7,640,000 Series 2016 Combination Tax and Revenue Certificates of Obligation due in annual installments of $205,000 to $510,000 through August 2036, plus interest at 2.00% to 5.00%			5,935,000	345,000
$11,830,000 Series 2017 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $450,000 to $770,000 through August 2037, plus interest at 3.00% to 5.00%			9,375,000	490,000
$9,966,000 Series 2018 Combination Tax and Revenue Certificates of Obligation due in annual installments of $440,000 to $2,000,000 through August 2038, plus interest at 3.00% to 5.00%	10,910,000	485,000		
$6,640,000 Series 2019 Combination Tax and Revenue Certificates of Obligation due in annual installments of $235,000 to $440,000 through February 2039, plus interest at 1.18% to 2.75%	5,895,000	250,000		
$4,085,000 Series 2020 Combination Tax and Revenue Certificates of Obligation due in annual installments of $160,000 to $250,000 through February 2040, plus interest at 2.00% to 2.37%	3,745,000	165,000		
$21,765,000 Series 2021 Combination Tax and Revenue Certificates of Obligation due in annual installments of $805,000 to $1,400,000 through August 2041, plus interest at 2.00% to 5.00%	13,100,000	475,000	7,860,000	285,000
$9,560,000 Series 2022 Combination Tax and Revenue Certificates of Obligation due in annual installments of $285,000 to $1,110,000 through August 2042, plus interest at 4.00% to 5.00%	9,560,000	1,110,000		
	$ 56,090,000	$ 3,360,000	$ 25,495,000	$ 1,555,000

General Obligation Bonds	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$2,735,000 Series 2012A General Obligation due in annual installments of $130,000 to $210,000 through September 2027, plus interest at 2.09%	$ 1,020,000	$ 195,000		
$6,985,000 Series 2012 Combination Tax and Revenue Refunding General Obligation due in annual installments of $300,000 to $700,000 through August 2024, plus interest at 2.00% to 3.00%	170,000	170,000	$ 595,000	$ 295,000
$3,040,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $205,000 to $525,000 through September 2025, plus interest at 2.00% to 2.50%			995,000	235,000
$4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of $235,000 to $375,000 through August 2029, plus interest at 2.00% to 4.00%	1,050,000	140,000	1,315,000	175,000
$6,725,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $375,000 to $735,000 through August 2027, plus interest at 2.00% to 5.00%	3,175,000	655,000		
$13,645,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $10,000 to $1,090,000 through September 2025, plus interest at 3.00% to 5.00%			10,960,000	735,000
$7,320,000 Series 2019 General Obligation Refunding Bonds due in annual installments of $525,000 to $880,000 through August 2029, plus interest at 1.60% to 2.20%	5,515,000	690,000	-	-
$5,725,000 Series 2020 General Obligation Refunding Bonds due in annual installments of $720,000 to $535,000 through September 2030, plus interest at 2.00% to 1.77%	4,470,000	540,000	-	-
	$ 15,400,000	$ 2,390,000	$ 13,865,000	$ 1,440,000

The annual aggregate maturities for each debt type are as follows:

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total	Business Activities Principal	Interest	Total
2023	$ 2,390,000	$ 375,663	$ 2,765,663	$ 1,440,000	$ 473,356	$ 1,913,356
2024	2,300,000	296,106	2,596,106	1,490,000	417,806	1,907,806
2025	2,375,000	238,994	2,613,994	1,515,000	367,756	1,882,756
2026	2,435,000	186,594	2,621,594	1,030,000	317,950	1,347,950
2027	2,120,000	132,736	2,252,736	1,070,000	277,725	1,347,725
2028-2032	3,780,000	135,268	3,915,268	5,180,000	806,175	5,986,175
2033-2034	-	-	-	2,140,000	100,938	2,240,938
Total	$ 15,400,000	$ 1,365,360	$ 16,765,360	$ 13,865,000	$ 2,761,707	$ 16,626,707

Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	$ 3,360,000	$ 1,921,813	$ 5,281,813	$ 1,555,000	$ 798,015	$ 2,353,015
2024	2,595,000	1,806,763	4,401,763	1,610,000	746,565	2,356,565
2025	2,705,000	1,705,188	4,410,188	1,670,000	692,815	2,362,815
2026	2,810,000	1,594,038	4,404,038	1,745,000	626,085	2,371,085
2027	2,920,000	1,491,213	4,411,213	1,795,000	573,395	2,368,395
2028-2032	16,520,000	5,535,489	22,055,489	7,185,000	2,132,253	9,317,253
2033-2037	16,355,000	2,577,330	18,932,330	7,890,000	894,595	8,784,595
2038-2042	8,825,000	563,038	9,388,038	2,045,000	113,450	2,158,450
Total	$ 56,090,000	$ 17,194,871	$ 73,284,871	$ 25,495,000	$ 6,577,171	$ 32,072,171

Leases

The Town has entered into multiple lease agreement as lessee for the right-to-use equipment over the term of the lease. The Town is required to make periodic payments at its effective interest rate or the interest rate stated or implied within the leases. The Town's lease agreements incur interest at rates ranging from 0.328% to 0.475% annually; all of which are accounted for within the governmental activities. Such arrangements range from 3 to 4 years in length.

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	$ 7,169	$ 63	$ 7,232
2024	6,893	31	6,924
2025	2,996	4	3,000
Total	$ 17,058	$ 98	$ 17,156

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of $1,000,000 which is to be paid to the Town in ten equal yearly payments of $100,000 with the first installment payment to the Town to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The remaining balance as of September 30, 2022 was $300,000.

Compensated Absences

Substantially all vacation and sick leave are paid by the General Fund.

Discretely presented component units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2022 are as follows:

Payee	Description	Balance 09/30/22
Government Capital Corporation	$7,593,750, payable to bank, made April 15, 2021, payable in semi-annual installments of $48,828 starting November 15, 2021 through May 15, 2023, then $132,092 thorugh May 15, 2041, including interest at 2.57%.	$ 7,593,750
Government Capital Corporation	$6,659,559, payable to bank, made June 23, 2020, payable in semi-annual installments of $337,252 starting September 15, 2020 through September 15, 2031, including interest at 2.75%.	5,345,316
Southside Bank	$2,543,750, payable to bank, made January 2015, payable in semi-annual installments of $87,965 through November 15, 2034, including interest at 3.4%	1,761,536
Southside Bank	$3,048,000 payable to bank, originally made July 13, 2017 and refinanced on July 13, 2021, payable in quarterly installments of $44,507, through to final payment January 13, 2043, including interest at 2.947%	2,731,985
		$ 17,432,587

Annual debt service requirements for the Economic Development Corporation loans are as follows:

Year	Principal	Interest	Total
2023	$ 837,255	$ 448,329	$ 1,285,584
2024	1,112,768	428,217	1,540,985
2025	1,142,440	398,516	1,540,956
2026	1,172,906	366,565	1,539,471
2027	1,204,192	333,747	1,537,939
2028-2032	5,841,282	1,174,092	7,015,374
2033-2037	3,337,807	598,663	3,936,470
2038-2042	2,695,898	175,625	2,871,523
2043	88,039	973	89,012
Total	$ 17,432,587	$ 3,924,727	$ 21,357,314

Note 9. Pension Plan

Plan Description

The Town participates as one of 924 cities in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	201
Active employees	299
	566

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 13.42% and 13.76% in calendar years 2021 and 2022, respectively. The Town's contributions to TMRS for the year ended September 30, 2022 were $3,193,313, and were equal to the required contributions.

The Town's Net Pension Liability (NPL) was measured as of December 31, 2021 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	3.5% to 11.5% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for pre-retirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2020 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	$ 51,142,825	$ 44,873,882	$ 6,268,943
Changes for the year:			
Service Cost	4,005,588	-	4,005,588
Interest	3,545,147	-	3,545,147
Change of benefit terms	-	-	-
Difference between expected and actual experience	119,178	-	119,178
Changes of assumptions	-	-	-
Contributions - employer	-	2,945,480	(2,945,480)
Contributions - employee	-	1,536,390	(1,536,390)
Net investment income	-	5,870,497	(5,870,497)
Benefit payments, including refunds of employee contributions	(1,249,860)	(1,249,860)	-
Administrative expense	-	(27,068)	27,068
Other changes	-	185	(185)
Net Changes	6,420,053	9,075,624	(2,655,571)
Balance at 12/31/2021	$ 57,562,878	$ 53,949,506	$ 3,613,372

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 13,917,202	$ 3,613,372	$ (4,638,914)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

The general fund has typically been used to liquidate pension and OPEB liabilities related to governmental activities.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the Town recognized pension expense of $2,516,117. At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 983,586	$ 15,090
Changes in actuarial assumptions	81,636	-
Difference between projected and actual investment earnings	-	2,992,268
Contributions subsequent to the measurement date	2,347,839	-
Total	$ 3,413,061	$ 3,007,358

The $2,347,839 reported as deferred outflows of resources related to pensions result from Town's contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2023. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2023	$ (229,579)
2024	(806,170)
2025	(424,244)
2026	(489,936)
2027	7,793
	$ (1,942,136)

Note 10. Other Postemployment Benefits Plan (OPEB)

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	32
Active employees	299
	379

C. Contributions

The member town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member town. The contractually required contribution rate is determined annually for each town. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the town. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the Town was 0.03% and 0.09% for calendar years 2021 and 2022 respectively. The Town's contributions to the SDBF for the year ended September 30, 2022 were $6,585, and were equal to the required contributions. Covered employee payroll was $21,948,430.

D. Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	1.84%
Retiree's share of benefit-related costs	$0
Actuarial cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll; closed

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2021 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 1.84% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2020	$ 535,332
Changes for the year:	
Service Cost	48,287
Interest on Total OPEB Liability	11,124
Change of benefit terms	-
Difference between expected and actual experience	(9,378)
Changes of assumptions or other inputs	20,991
Benefit payments	(6,585)
Administrative expense	-
Other changes	-
Net changes	64,439
Balance at 12/31/21	$ 599,771

Total OPEB liability was 2.73% of covered employee payroll during the measurement period.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 1.84%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (0.84%) or 1 percentage-point higher (2.84%) than the current rate:

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	$ 756,827	$ 599,771	$ 482,163

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the Town recognized OPEB expense of $75,525. At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 41,609
Changes in assumptions and other inputs	140,207	13,931
Contributions subsequent to the measurement date	3,418	-
Total	$ 143,625	$ 55,540

The $3,418 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2023. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30	Net deferrred outflows (inflows) of resources
2023	$ 16,114
2024	16,114
2025	15,543
2026	12,912
2027	15,577
Thereafter	8,407
Total	$ 84,667

Note 11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 2,800 individual governments and political subdivision units located within Texas. The Town pays an annual premium to the funds for its workers' compensation, property and liability, and cyber security insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per occurrence with a $2,000,000 annual aggregate. There is a deductible of $5,000 due from the Town per claim for personnel liability claims and a $2,500 deductible for general liability. The cyber security provides various tiers of coverage to limit the Town's exposure to this new risk.

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

Note 12. Net Position / Fund Balance

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

A. Restricted Net Position

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2022:

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units
Restricted for construction	$ 39,807,477	$ 5,547,764	$ 45,355,241	$ -
Restricted for economic development	1,150,334	-	1,150,334	8,040,271
Restricted for stormwater drainage	1,296,963	-	1,296,963	-
Restricted for street maintenance	1,557,962	-	1,557,962	-
Restricted for streetscape	378,507	-	378,507	-
Restricted for debt service	812,833	-	812,833	214,264
Restricted for other:				
Grant requirements	376,392	-	376,392	-
Donor stipulations	68,256	-	68,256	-
Pubic, education, gov't access	18,946	-	18,946	-
Parks	-	-	-	-
Tourism	23,351		23,351	
Public safety	102,030	-	102,030	-
Total restricted for other	588,975	-	588,975	-
	$ 45,593,051	$ 5,547,764	$ 51,140,815	$ 8,254,535

B. Fund Balance

The composition of the governmental fund balances at September 30, 2022 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	PID Capital Projects Project	Landscape Fund	Non major Governmental Funds	Total Governmental Funds
Non-spendable:							
Inventories	$ 92,833	$ -	$ -	$ -	$ -	$ -	$ 92,833
Prepaids	120,221	-	-	-	-	50	120,271
Total nonspendable	213,054	-	-	-	-	50	213,104
Restricted for:							
Debt service	-	1,203,899	-	-	-	-	1,203,899
Street maintenance	-	-	-	-	-	1,557,962	1,557,962
Police	-	-	-	-	-	151,917	151,917
Fire	-	-	-	-	-	55,049	55,049
Stormwater drainage	-	-	-	-	-	1,296,963	1,296,963
Court	-	-	-	-	-	166,208	166,208
Library	-	-	-	-	-	12,558	12,558
Animal Control	-	-	-	-	-	5,026	5,026
Public, Education, Govt. Access	-	-	-	-	-	18,946	18,946
Streetscape	-	-	-	-	364,590	-	364,590
Tourism	-	-	-	-	-	23,351	23,351
Economic Development	-	-	-	-	-	1,150,334	1,150,334
Child Safety	-	-	-	-	-	155,870	155,870
Capital projects	-	-	43,407,099	20,189,878	-	-	63,596,977
Total restricted	-	1,203,899	43,407,099	20,189,878	364,590	4,594,184	69,759,650
Unassigned	41,157,273	-	-	-	-	-	41,157,273
	$ 41,370,327	$ 1,203,899	$ 43,407,099	$ 20,189,878	$ 364,590	$ 4,594,234	$ 111,130,027

Note 13. Commitments and Contingencies

In March 2003, the Town entered into a thirty-year contract with the North Texas Municipal Water District (NTMWD) for the purchase of treated water. Under the terms of this contract, the Town is obligated to make a minimum annual payment (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2022, the cost of water purchased under this contract was $5,486,446.

The Town also entered into a water transmission facilities contract in March 2003 with the NTMWD. Under the terms of this contract, the NTMWD is to own, operate and maintain water transmission facilities located near the eastern border of the Town. NTMWD issued its Water Transmission Facilities Contract Revenue Bonds, Series 2003 (Town of Little Elm Project), in the amount of $5,390,000 for the purpose of acquiring and constructing the transmission facility. The obligation of the Town was to make payments to NTMWD under contract terms until all of the bonds are paid and retired and is no longer outstanding. During the year ended September 30, 2013, the NTMWD issued its Water Transmission Facilities Contract Revenue Refunding Bonds, Series 2013 (Town of Little Elm) in the amount of $3,555,000 for the purpose of defeasing the Series 2003 obligations. During the year ended September 30, 2022, the payments made under this contract were $279,561.

At September 30, 2022 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling $12,142,447.

Note 14. Little Elm Tax Increment Reinvestment Zones and Public Improvement District

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones ("TIRZ")(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority ("LERA"). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of $33,542,713.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("PID") in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of $12,240,000 and $4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 thru Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY 2018 thru Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created a TIRZ #5 in December 2014 with a base value of real property of $5,380,866. Over time, the TIRZ #5 zone had modified property parcels by adding into or removing from the zone to establish the area to reflect 943.5 acres. The zone is located near the intersections of US-380 and FM-2931. The majority of the land within the TIRZ zone is vacant and undeveloped. The zone was established to facilitate the development of retail and single-family homes. At the time the original zone was established, the TIRZ project costs were financed by incremental real property tax generated and sales tax within the zone. Such incremental property tax was 46% from the Town of Little Elm and 50% of one cent of sales tax rate collected in the zone.

Since then, Town Council amended previous Ordinances and approved Ordinance No. 1607 Final Project and Financing Plan on May 4, 2021, which established the zone encompassing 862.23 acres. The goal of the TIRZ is still to facilitate the development of the currently vacant land with retail and single-family developments while creating a unique cohesive development that builds on the high development standard established within the Town. In order to fund the public improvements within the zone, the Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund beginning with incremental real property taxes due by January 31, 2022 and ending with incremental real property taxes due by January 31, 2060. The new base value of the taxable real property in the Zone is $15,654,221. Such public improvement costs that financed the incremental real property tax generated within the TIRZ include roadway, water system, sanitary sewer, storm water improvements, parks, trails, landscaping and hardscaping, public utilities purchase, and economic development grants for the total amount of $184,000,000. The Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund until the earlier of the maximum TIRZ increments paid for the TIRZ obligations reach $184 million or December 31, 2060.

The Town of Little Elm entered into agreements related to the Zone, including an Amended and Restated Tax Increment Payment (TIP) Agreement dated April 6, 2021. The Town agreed to make payments from the pledge revenues, which consist of 50% of the property taxes levied and finally collected by the Town for that year on the captured appraised value of real property taxable in the Zone to CADG Lincoln Park, LLC. The Public Finance Authority issued Certificates of Participation, Series 2021 for $30,400,000 to provide funds to finance the project through paying the TIP payments. CADG has entered into an assignment agreement dated May 28, 2021 to which CADG sold, transferred, delivered, assigned, and conveyed the pledged revenues scheduled to be paid by the Town under the TIP agreement to PFA for the issuance of bonds.

The Town is not anticipated to issue bonds directly secured by the TIRZ increments. However, the TIRZ increments may be used as part of the repayment of bonds issued through other financial structures like a Public Improvement District (PID).

The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued $6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a thru approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town issued the next set of Bonds ($4,688,000 Special Assessment Revenue Bonds, Series 2018) for the Hillstone Pointe PID No. 2 Phases 2 and 3 thru Ordinance No. 1471 in December 2018. The Bonds are secured solely from assessment revenues generated from Phases 2 and 3 of the PID and the proceeds are being used to fund a portion of the actual costs of the Phase 2 and 3 improvements.

Council also approved a new PID within the TIRZ 5 zone February 22, 2021, identified as Spiritas Ranch Public Improvement District and on May 4, 2021, annexed in approximately 7.21 acres of land located in the Town's ETJ for such PID. This PID is generally located south of US-380, east of FM-720, and west of Lewisville Lake and estimated costs of the authorized improvements is $65,000,000. Such costs shall be paid by assessment of the property owners within the District. The developer will be obligated for the costs of authorized improvements and the Town will not be obligated to provide any funds to finance the authorized improvements other than from assessments levied on real property within the District. On May 11th, 2021, Council approved Ordinance No. 1606 for the issuance and sale of special assessment revenue bonds (PID Bonds), Series 2021 in the amount of $43,200,000 for the Spiritas Ranch PID Area #1 and Major Improvement Area projects. The Bonds are secured solely from assessment revenues generated within the Spiritas Ranch PID for area #1 and major improvement area projects.

The Town's third PID was created by the Town in October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of $7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of $2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the Public Finance Authority ("PFA") in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for $4,700,000. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax increment reinvestment zones include TIRZ #3, #4, #5 and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, a conference center, utilities, a recreation center, landscaping, trails, a plaza and lighting. TIRZ #4, #5 and #6 were created to facilitate the development of the respective areas to bring in retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but are not limited to roads, water, sewer and storm water

management. In fiscal year 2022, the Town made $1,249,559 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ 3 until the date the TIRZ #3 terminates, which would be on or before December 31, 2043. Denton County contributed $69,585 in fiscal year 2022.

Note 15. Tax Abatements and Economic Incentives

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act), Chapter 312 (Property Redevelopment and Tax Abatements), and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment impact, economic or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

General Economic Development

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2022, the Town rebated $238,808 in sales taxes and $1,492,332 of property taxes and made other incentive payments of $1,110,081 under the agreements.

Note 16. Subsequent Events

The Town Council after due notice, held public hearings August 16, 2022 and adopted by Resolution No. 0816202201 authorizing the creation of the Valencia Public Improvement District (PID) No. 2. On September 6, 2022, the Town Council adopted a resolution approving a preliminary service and assessment plan, including a proposed assessment roll for the District and calling for public hearings. Council held opened and convened the hearing on October 18, 2022 and then the Town Council recessed the public hearing to November 1, 2022. On November 1, 2022, Town Council approved the Assessment roll and the Valencia PID No. 2 Service and Assessment Plan. Ordinance No. 1688 authorized the issuance and sale of the Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2022, for Valencia PID No. 2 project. The issuance of the Bonds in the principal amount of $16,288,000 for the purpose of certain public infrastructure within the District. The bonds funded major improvements to include roadway, water, wastewater, open spaces, and drainage improvements.

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Required Supplementary Information

Town of Little Elm, Texas

Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Budget
REVENUES				
Taxes:				
Property taxes, penalty, and interest	$ 21,022,917	$ 21,022,917	$ 23,713,372	$ 2,690,455
General sales and use taxes	5,322,918	5,322,918	6,915,552	1,592,634
Other taxes and franchise fees	2,180,000	2,180,000	2,587,775	407,775
Licenses and permits	2,947,576	3,342,913	4,512,711	1,169,798
Intergovernmental revenue	4,345,080	5,288,450	6,971,984	1,683,534
Charges for services	6,213,300	6,589,639	7,152,912	563,273
Fines	650,000	650,000	1,032,166	382,166
Contributions	-	-	1,430	1,430
Interest	220,000	220,000	92,698	(127,302)
Miscellaneous	236,000	794,694	916,973	122,279
Total revenues	43,137,791	45,411,531	53,897,573	8,486,042
EXPENDITURES				
General government:				
Town council	155,630	99,340	81,654	17,686
Town manager	1,683,114	1,769,405	1,681,665	87,740
Finance	2,571,294	2,646,580	1,853,076	793,504
Information technology	1,436,153	1,467,806	1,265,851	201,955
Town attorney	340,000	340,000	193,262	146,738
Marketing	469,454	469,454	405,192	64,262
Non-departmental	4,043	304,043	103,813	200,230
Total general government	6,659,688	7,096,628	5,584,513	1,512,115
Community services:				
Inspections	3,698,854	4,123,312	3,412,372	710,940
Total community services	3,698,854	4,123,312	3,412,372	710,940
Public safety:				
Police	12,474,004	12,626,779	12,557,661	69,118
Fire	10,815,504	12,117,619	11,972,973	144,646
Municipal court	670,779	673,979	538,633	135,346
Animal control	359,837	371,305	364,948	6,357
Total public safety	24,320,124	25,789,682	25,434,215	355,467
Public works:				
Streets	1,637,560	1,637,560	1,444,471	193,089
Fleet maintenance	435,585	432,965	398,660	34,305
Facility maintenance	839,085	895,185	959,204	(64,019)
Total public works	2,912,230	2,965,710	2,802,335	163,375

Town of Little Elm, Texas

Schedule of Revenues, Expenditures and Changes (Concluded)
In Fund Balances - Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Budget
Culture and recreation:				
Library	$ 671,306	$ 671,486	$ 631,465	$ 40,021
Parks and recreation	6,415,113	6,969,393	6,383,961	585,432
Total culture and recreation	7,086,419	7,640,879	7,015,426	625,453
Capital outlay	924,528	2,301,650	1,375,494	926,156
Total expenditures	45,601,843	49,917,861	45,624,355	4,293,506
Excess (deficiency) of revenues over (under) expenditures	(2,464,052)	(4,506,330)	8,273,218	12,779,548
OTHER FINANCING SOURCES (USES)				
Transfers in	2,206,006	2,256,006	2,239,333	(16,673)
Leases issued	-	-	17,058	17,058
Proceeds from sale of assets	-	-	5,097	5,097
Insurance recovery	40,000	40,000	171,074	131,074
Transfers out	(500,000)	(2,520,000)	(2,500,000)	20,000
Total other financing sources (uses)	1,746,006	(223,994)	(67,438)	156,556
Revenues and other financing sources over (under) expenditures and other financing uses	(718,046)	(4,730,324)	8,205,780	12,936,104
Fund balance at beginning of year	33,164,547	33,164,547	33,164,547	-
Fund balance, end of year	$ 32,446,501	$ 28,434,223	$ 41,370,327	$ 12,936,104

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Town of Little Elm, Texas

Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Landscape Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Intergovernmental	$ 59,494	$ 59,494	$ 100,106	$ 40,612
Interest	8,500	8,500	1,967	(6,533)
Other revenues	165,000	165,000	255,967	90,967
Total revenues	232,994	232,994	358,040	125,046
EXPENDITURES				
Current:				
Community services	446,000	454,200	453,866	334
Capital outlay	515,000	780,831	741,639	39,192
Total expenditures	961,000	1,235,031	1,195,505	39,526
Excess (deficiency) of revenues over (under) expenditures	(728,006)	(1,002,037)	(837,465)	164,572
OTHER FINANCING SOURCES				
Transfers in	441,000	441,000	391,000	(50,000)
Total other financing sources	441,000	441,000	391,000	(50,000)
Net change in fund balance	(287,006)	(561,037)	(446,465)	114,572
Fund balances, beginning	811,055	811,055	811,055	-
FUND BALANCES, ENDING	$ 524,049	$ 250,018	$ 364,590	$ 114,572

Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, all special revenue funds, and water and sewer fund. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

(1) Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures and the means of financing them.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.

(4) The Town Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Town Council.

Town of Little Elm, Texas

Schedule of Changes in Net Pension Liability and Related Ratios –
Texas Municipal Retirement System
Last Eight Measurement Periods

	2014	2015	2016	2017	2018	2019	2020	2021
TOTAL PENSION LIABILITY								
Service cost	$ 1,781,572	$ 2,120,510	$ 2,355,108	$ 2,626,348	$ 3,014,390	$ 3,282,649	$ 3,772,041	$ 4,005,588
Interest	1,306,279	1,544,900	1,739,588	2,023,022	2,313,659	2,691,346	3,087,959	3,545,147
Change in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	511,427	187,346	298,105	(90,555)	859,152	279,168	775,209	119,178
Change in assumptions	-	90,206	-	-	-	178,056	-	-
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)	(559,416)	(892,522)	(707,805)	(1,249,860)
Net change in total pension liability	3,272,751	3,549,744	4,068,822	4,224,012	5,627,785	5,538,697	6,927,404	6,420,053
Total Pension Liability-beginning	17,933,610	21,206,361	24,756,105	28,824,927	28,824,927	38,676,724	44,215,421	51,142,825
TOTAL PENSION LIABILITY - ENDING	$ 21,206,361	$ 24,756,105	$ 28,824,927	$ 33,048,939	$ 34,452,712	$ 44,215,421	$ 51,142,825	57,562,878
PLAN FIDUCIARY NET POSITION								
Contributions - employer	$ 1,185,583	$ 1,535,872	$ 1,676,473	$ 1,968,224	$ 2,266,748	$ 2,386,394	$ 2,822,744	$ 2,945,480
Contributions - nonemployer	774,891	838,620	908,306	1,021,378	1,197,238	1,267,432	1,466,905	1,536,390
Net investment income	857,339	25,774	1,316,544	3,194,579	(866,209)	4,788,117	2,924,215	5,870,497
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)	(559,416)	(892,522)	(707,805)	(1,249,860)
Administrative income	(8,946)	(15,693)	(14,848)	(16,529)	(16,699)	(26,963)	(18,855)	(27,068)
Other	(736)	(776)	(798)	(838)	(871)	(810)	(735)	185
Net change in plan fiduciary net position	2,481,604	1,990,579	3,561,698	5,832,011	2,020,791	7,521,648	6,486,469	9,075,624
Plan fiduciary net position -beginning	14,979,082	17,460,686	19,451,265	23,012,963	28,844,974	30,865,765	38,387,413	44,873,882
Plan fiduciary net position - ending	17,460,686	19,451,265	23,012,963	28,844,974	30,865,765	38,387,413	44,873,882	53,949,506
TOWN'S NET PENSION LIABILITY - ENDING	$ 3,745,675	$ 5,304,840	$ 5,811,964	$ 4,203,965	$ 3,586,947	$ 5,828,008	$ 6,268,943	3,613,372
Plan fiduciary net position as a % of total pension liability	82.34%	78.57%	79.84%	87.28%	89.59%	86.82%	87.74%	93.72%
Covered payroll	$ 11,065,942	$ 11,980,280	$ 12,975,800	$ 14,574,627	$ 16,783,907	$ 18,106,173	$ 20,955,784	$ 21,948,430
Town's net pension liability as a % of covered payroll	33.85%	44.28%	44.79%	28.84%	21.37%	32.19%	29.92%	16.46%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Town of Little Elm, Texas
Schedule of Pension Contributions –
Texas Municipal Retirement System
Last Eight Fiscal Years

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Actuarially determined contribution	$ 1,450,482	$ 1,721,094	$ 1,901,949	$ 2,201,774	$ 2,459,086	$ 2,640,722	$ 2,901,400	$ 3,196,772
Contribution in relation of the actuarially determined contribution	1,450,482	1,721,094	1,901,949	2,201,774	2,459,086	2,640,722	2,901,400	3,196,772
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,244,425	$ 13,214,555	$ 14,104,876	$ 16,242,464	$ 18,403,629	$ 19,524,411	$ 21,597,802	$ 23,338,033
Contributions as a percentage of covered payroll	11.85%	13.02%	13.48%	13.56%	13.36%	13.53%	13.43%	13.70%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Five Measurement Periods

	Measurement Year				
	2017	2018	2019	2020	2021
TOTAL OPEB LIABILITY					
Service cost	$ 24,777	$ 33,568	$ 27,159	$ 41,912	$ 48,287
Interest	10,108	11,094	12,691	12,031	11,124
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(4,395)	(31,013)	(16,377)	(9,378)
Change in assumptions	30,053	(28,403)	81,166	82,266	20,991
Benefit payments	(1,457)	(1,678)	(1,811)	(2,096)	(6,585)
Net change in total OPEB liability	63,481	10,186	88,192	117,736	64,439
Total OPEB Liability-beginning	255,737	319,218	329,404	417,596	535,332
TOTAL OPEB LIABILITY - ENDING	$ 319,218	$ 329,404	$ 417,596	$ 535,332	599,771
Covered employee payroll	$ 14,574,627	$ 16,783,907	$ 18,106,173	$ 20,955,784	$ 21,948,430
Town's total OPEB liability as a % of covered employee payroll	2.19%	1.96%	2.31%	2.55%	2.73%

Only five years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Town of Little Elm, Texas
Schedule of OPEB Contributions
Texas Municipal Retirement System
Last Five Fiscal years

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Actuarially determined contribution	$ 2,885	$ 2,258	$ 1,952	$ 5,289	$ 6,585
Contribution in relation of the actuarially determined contribution	2,885	2,258	1,952	5,289	6,585
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 16,242,464	$ 18,403,629	$ 19,524,411	$ 21,597,802	$ 23,338,033
Contributions as a percentage of covered employee payroll	0.02%	0.01%	0.01%	0.02%	0.03%

Only five years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

Note: GASB Statement No. 75 paragraph 57 requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Combining and Individual Fund Financial Statements and Schedules

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
General Obligation Debt Service Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Property taxes	$ 5,293,000	$ 5,293,000	$ 5,783,094	$ 490,094
Intergovernmental	928,300	928,300	940,361	12,061
Interest	40,000	40,000	13,309	(26,691)
Total revenues	6,261,300	6,261,300	6,736,764	475,464
EXPENDITURES				
Debt service:				
Principal retirement	4,725,000	4,670,000	4,670,000	-
Interest and fiscal charges	2,018,307	2,073,307	2,062,810	10,497
Total expenditures	6,743,307	6,743,307	6,732,810	10,497
Excess (deficiency) of revenues over (under) expenditures	(482,007)	(482,007)	3,954	485,961
OTHER FINANCING SOURCES				
Transfers in	326,700	326,700	322,394	(4,306)
Total other financing sources	326,700	326,700	322,394	(4,306)
Net change in fund balance	(155,307)	(155,307)	326,348	481,655
Fund balances, beginning	877,551	877,551	877,551	-
FUND BALANCES, ENDING	$ 722,244	$ 722,244	$ 1,203,899	$ 481,655

Nonmajor Governmental Funds

Special Revenue Funds

Dedicated Funds
Accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund
Accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund
Accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund
The Special Purpose District provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District is up for renewal in 2021.

Hotel Occupancy Tax Fund
Accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

Stormwater Drainage Fund
Accounts for fees charged for storm water drainage services.

PEG Fund
Accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund
Accounts for proceeds and expenditures relating to the Coronavirus Relief Fund grant.

TIRZ #3 Fund
Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 3.

TIRZ #4 Fund
Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 4.

TIRZ #5 Fund
Accounts for proceeds and expenditures relating to Little Elm TIRZ# 5.

TIRZ #6 Fund
Accounts for proceeds and expenditures relating to Little Elm TIRZ# 6.

Highway 380 MMD FUND
Accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Town of Little Elm, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

	Dedicated Funds	Donations	Forfeitures	Street Maintenance	Hotel Occupancy Tax	Stormwater Drainage	PEG Fund
ASSETS							
Cash and cash equivalents	$ -	$ -	$ 295,567	$ 1,251,864	$ 6,352	$ 718,655	$ 10,039
Investments	-	-	158,103	669,637	3,399	383,854	5,371
Restricted cash and cash equivalents	383,733	64,240	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)							
Taxes	-	-	-	318,364	13,793	-	-
Other	-	-	429	1,818	9	155,985	3,540
Due from other funds	-	-	-	-	-	66,442	-
Prepaids	-	-	-	-	-	-	-
TOTAL ASSETS	$ 383,733	$ 64,240	$ 454,099	$ 2,241,683	$ 23,553	$ 1,324,936	$ 18,950
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other current liabilities	$ 3,575	$ -	$ 352,069	$ 622,073	$ -	$ 24,850	$ 4
Retainage payable	-	-	-	61,648	-	3,123	-
Unearned Revenue	-	-	-	-	2	-	-
Total liabilities	3,575	-	352,069	683,721	2	27,973	4
DEFERRED INFLOWS OF RESOURCES							
Unavailable resources	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	380,158	64,240	102,030	1,557,962	23,551	1,296,963	18,946
Total fund balances	380,158	64,240	102,030	1,557,962	23,551	1,296,963	18,946
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 383,733	$ 64,240	$ 454,099	$ 2,241,683	$ 23,553	$ 1,324,936	$ 18,950

Grant Fund	Little Elm TIRZ#3	Little Elm TIRZ#4	Little Elm TIRZ#5	Little Elm TIRZ#6	HWY 380 MMD	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 2,282,477
-	-	-	-	-	-	1,220,364
2,514,132	653,253	28,109	-	2,822	55,944	3,702,233
-	349,436	15,036	-	1,509	29,927	395,908
-	24,865	-	-	-	-	357,022
-	949	41	-	4	81	162,856
-	-	-	-	-	81	66,523
-	50	-	-	-	-	50
$ 2,514,132	$ 1,028,553	$ 43,186	$ -	$ 4,335	$ 86,033	$ 8,187,433
$ -	$ 11,691	$ 10	$ -	$ 1	$ 21	$ 1,014,294
-	-	-	-	-	-	64,771
2,514,132	-	-	-	-	-	2,514,134
2,514,132	11,691	10	-	1	21	3,593,199
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	50	-	-	-	-	50
-	1,016,812	43,176	-	4,334	86,012	4,594,184
-	1,016,862	43,176	-	4,334	86,012	4,594,234
$ 2,514,132	$ 1,028,553	$ 43,186	$ -	$ 4,335	$ 86,033	$ 8,187,433

Town of Little Elm, Texas

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance- Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	Dedicated Funds	Donations	Forfeitures	Street Maintenance	Hotel Occupancy Tax	Stormwater Drainage	PEG Fund
REVENUES							
Taxes							
Property taxes, penalty, and interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General sales and use taxes	-	-	-	1,766,583	-	-	-
Franchise taxes and other	-	-	-	-	31,974	-	28,628
Charges for service	-	-	-	-	-	733,326	-
Intergovernmental	4,882	-	217,629	-	-	-	-
Fines and forfeitures	62,317	-	-	-	-	-	-
Contributions	-	20,990	-	-	-	-	-
Interest	3,497	583	646	2,935	46	57,031	41
Total revenues	70,696	21,573	218,275	1,769,518	32,020	790,357	28,669
EXPENDITURES							
Current:							
General government	-	-	-	-	30,310	-	-
Public safety	99,115	5,005	147,123	-	-	-	-
Public works	-	-	-	1,809,214	-	626,711	-
Culture and recreation	-	3,567	-	-	-	-	-
Capital outlay	-	-	-	52,411	-	34,804	2,920
Total expenditures	99,115	8,572	147,123	1,861,625	30,310	661,515	2,920
Excess (deficiency) of revenues over (under) expenditures	(28,419)	13,001	71,152	(92,107)	1,710	128,842	25,749
OTHER FINANCING SOURCES (USES)							
Transfers out	(9,827)	-	-	-	-	-	(75,748)
Total other financing sources (uses)	(9,827)	-	-	-	-	-	(75,748)
Net changes in fund balance	(38,246)	13,001	71,152	(92,107)	1,710	128,842	(49,999)
Fund balance at beginning of year	418,404	51,239	30,878	1,650,069	21,841	1,168,121	68,945
FUND BALANCE, END OF YEAR	$ 380,158	$ 64,240	$ 102,030	$ 1,557,962	$ 23,551	$ 1,296,963	$ 18,946

Grant Fund	Little Elm TIRZ#3	Little Elm TIRZ#4	Little Elm TIRZ#5	Little Elm TIRZ#6	HWY 380 MMD	Total Nonmajor Governmental Funds
$ -	$ 443,516	$ 714,355	$ 742,232	$ 86,227	$ 30,383	$ 2,016,713
-	138,089	-	-	-	-	1,904,672
-	-	-	-	-	-	60,602
-	-	-	-	-	-	733,326
-	-	-	-	-	-	222,511
-	-	-	-	-	-	62,317
-	-	-	-	-	-	20,990
6,716	2,556	4,559	-	552	95	79,257
6,716	584,161	718,914	742,232	86,779	30,478	5,100,388
5,075	199,797	696,346	742,232	84,315	-	1,758,075
-	-	-	-	-	-	251,243
-	-	-	-	-	-	2,435,925
-	-	-	-	-	-	3,567
-	-	-	-	-	-	90,135
5,075	199,797	696,346	742,232	84,315	-	4,538,945
1,641	384,364	22,568	-	2,464	30,478	561,443
-	(452,394)	-	-	-	-	(537,969)
-	(452,394)	-	-	-	-	(537,969)
1,641	(68,030)	22,568	-	2,464	30,478	23,474
(1,641)	1,084,892	20,608	-	1,870	55,534	4,570,760
$ -	$ 1,016,862	$ 43,176	$ -	$ 4,334	$ 86,012	$ 4,594,234

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Dedicated Funds
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Intergovernmental	$ 4,900	$ 4,900	$ 4,882	$ (18)
Fines and forfeitures	68,450	68,450	62,317	(6,133)
Interest	5,000	5,000	3,497	(1,503)
Total revenues	78,350	78,350	70,696	(7,654)
EXPENDITURES				
Current:				
Public safety	53,490	125,362	99,115	26,247
Total expenditures	53,490	125,362	99,115	26,247
Excess (deficiency) of revenues over (under) expenditures	24,860	(47,012)	(28,419)	18,593
OTHER FINANCING USES				
Transfers out	(6,500)	(6,500)	(9,827)	(3,327)
Total other financing uses	(6,500)	(6,500)	(9,827)	(3,327)
Net change in fund balance	18,360	(53,512)	(38,246)	15,266
Fund balances, beginning	418,404	418,404	418,404	-
FUND BALANCES, ENDING	$ 436,764	$ 364,892	$ 380,158	$ 15,266

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Donations
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Contributions	$ 11,000	$ 21,000	$ 20,990	$ (10)
Interest	300	300	583	283
Total revenues	11,300	21,300	21,573	273
EXPENDITURES				
Current:				
Public safety	15,357	25,357	5,005	20,352
Culture and recreation	10,000	10,000	3,567	6,433
Total expenditures	25,357	35,357	8,572	26,785
Net change in fund balance	(14,057)	(14,057)	13,001	27,058
Fund balances, beginning	51,239	51,239	51,239	-
FUND BALANCES, ENDING	$ 37,182	$ 37,182	$ 64,240	$ 27,058

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Forfeitures
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Intergovernmental	$ -	$ 217,629	$ 217,629	$ -
Interest	-	4,006	646	(3,360)
Total revenues	-	221,635	218,275	(3,360)
EXPENDITURES				
Current:				
Public safety	-	147,306	147,123	183
Total expenditures	-	147,306	147,123	183
Net change in fund balance	-	74,329	71,152	(3,177)
Fund balances, beginning	30,878	30,878	30,878	-
FUND BALANCES, ENDING	$ 30,878	$ 105,207	$ 102,030	$ (3,177)

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Street Maintenance
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Taxes				
General sales and use taxes	$ 1,443,229	$ 1,443,229	$ 1,766,583	$ 323,354
Interest	10,000	10,000	2,935	(7,065)
Total revenues	1,453,229	1,453,229	1,769,518	316,289
EXPENDITURES				
Current:				
Public works	2,000,000	2,421,178	1,809,214	611,964
Capital outlay	55,000	55,000	52,411	2,589
Total expenditures	2,055,000	2,476,178	1,861,625	614,553
Net change in fund balance	(601,771)	(1,022,949)	(92,107)	930,842
Fund balances, beginning	1,650,069	1,650,069	1,650,069	-
FUND BALANCES, ENDING	$ 1,048,298	$ 627,120	$ 1,557,962	$ 930,842

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Hotel Occupancy Tax
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Taxes				
Franchise taxes and other	$ 15,000	$ 27,000	$ 31,974	$ 4,974
Interest	-	-	46	46
Total revenues	15,000	27,000	32,020	5,020
EXPENDITURES				
Current:				
General government	25,000	37,000	30,310	6,690
Total expenditures	25,000	37,000	30,310	6,690
Net change in fund balance	(10,000)	(10,000)	1,710	11,710
Fund balances, beginning	21,841	21,841	21,841	-
FUND BALANCES, ENDING	$ 11,841	$ 11,841	$ 23,551	$ 11,710

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Stormwater Drainage
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Charges for service	$ 699,717	$ 699,717	$ 733,326	$ 33,609
Interest	10,000	41,968	57,031	15,063
Total revenues	709,717	741,685	790,357	48,672
EXPENDITURES				
Current:				
Public works	465,818	760,964	626,711	134,253
Capital outlay	51,750	51,750	34,804	16,946
Total expenditures	517,568	812,714	661,515	151,199
Net change in fund balance	192,149	(71,029)	128,842	199,871
Fund balances, beginning	1,168,121	1,168,121	1,168,121	-
FUND BALANCES, ENDING	$ 1,360,270	$ 1,097,092	$ 1,296,963	$ 199,871

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – PEG Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Taxes				
Franchise taxes and other	$ 42,000	$ 42,000	$ 28,628	$ (13,372)
Interest	500	500	41	(459)
Total revenues	42,500	42,500	28,669	(13,831)
EXPENDITURES				
Capital outlay	50,000	50,000	2,920	47,080
Total expenditures	50,000	50,000	2,920	47,080
Excess (deficiency) of revenues over (under) expenditures	(7,500)	(7,500)	25,749	33,249
OTHER FINANCING USES				
Transfers out	-	(110,000)	(75,748)	34,252
Total other financing uses	-	(110,000)	(75,748)	34,252
Net change in fund balance	(7,500)	(117,500)	(49,999)	67,501
Fund balances, beginning	68,945	68,945	68,945	-
FUND BALANCES, ENDING	$ 61,445	$ (48,555)	$ 18,946	$ 67,501

Town of Little Elm, Texas

Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Grant Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Intergovernmental	$ 2,056,678	$ 2,056,678	$ -	$ (2,056,678)
Interest	-	-	6,716	6,716
Total revenues	2,056,678	2,056,678	6,716	(2,049,962)
EXPENDITURES				
Current:				
General government	50,000	50,000	5,075	44,925
Capital outlay	815,000	815,000	-	815,000
Total expenditures	865,000	865,000	5,075	859,925
Excess (deficiency) of revenues over (under) expenditures	1,191,678	1,191,678	1,641	(1,190,037)
OTHER FINANCING USES				
Transfers out	(244,685)	(244,685)	-	244,685
Total other financing uses	(244,685)	(244,685)	-	244,685
Net change in fund balance	946,993	946,993	1,641	(945,352)
Fund balances, beginning	(1,641)	(1,641)	(1,641)	-
FUND BALANCES, ENDING	$ 945,352	$ 945,352	$ -	$ (945,352)

Town of Little Elm, Texas

Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Little Elm TIRZ#3
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Taxes				
Property taxes, penalty, and interest	$ 433,061	$ 433,061	$ 443,516	$ 10,455
General sales and use taxes	119,600	119,600	138,089	18,489
Interest	8,500	8,500	2,556	(5,944)
Total revenues	561,161	561,161	584,161	23,000
EXPENDITURES				
Current:				
General government	260,710	260,710	199,797	60,913
Total expenditures	260,710	260,710	199,797	60,913
Excess (deficiency) of revenues over (under) expenditures	300,451	300,451	384,364	83,913
OTHER FINANCING USES				
Transfers out	(456,700)	(456,700)	(452,394)	4,306
Total other financing uses	(456,700)	(456,700)	(452,394)	4,306
Net change in fund balance	(156,249)	(156,249)	(68,030)	88,219
Fund balances, beginning	1,084,892	1,084,892	1,084,892	-
FUND BALANCES, ENDING	$ 928,643	$ 928,643	$ 1,016,862	$ 88,219

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Little Elm TIRZ#4
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Taxes				
Property taxes, penalty, and interest	$ -	$ -	$ 714,355	$ 714,355
Interest	-	-	4,559	4,559
Total revenues	-	-	718,914	718,914
EXPENDITURES				
Current:				
General government	-	-	696,346	(696,346)
Total expenditures	-	-	696,346	(696,346)
Net change in fund balance	-	-	22,568	22,568
Fund balances, beginning	20,608	20,608	20,608	-
FUND BALANCES, ENDING	$ 20,608	$ 20,608	$ 43,176	$ 22,568

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Little Elm TIRZ#5
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Taxes				
Property taxes, penalty, and interest	$ -	$ -	$ 742,232	$ 742,232
Total revenues	-	-	742,232	742,232
EXPENDITURES				
Current:				
General government	-	-	742,232	(742,232)
Total expenditures	-	-	742,232	(742,232)
Net change in fund balance	-	-	-	-
Fund balances, beginning	-	-	-	-
FUND BALANCES, ENDING	$ -	$ -	$ -	$ -

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – Little Elm TIRZ#6
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Taxes				
Property taxes, penalty, and interest	$ -	$ -	$ 86,227	$ 86,227
Interest	-	-	552	552
Total revenues	-	-	86,779	86,779
EXPENDITURES				
Current:				
General government	-	-	84,315	(84,315)
Total expenditures	-	-	84,315	(84,315)
Net change in fund balance	-	-	2,464	2,464
Fund balances, beginning	1,870	1,870	1,870	-
FUND BALANCES, ENDING	$ 1,870	$ 1,870	$ 4,334	$ 2,464

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – HWY 380 MMD
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
REVENUES				
Taxes				
Property taxes, penalty, and interest	$ -	$ -	$ 30,383	$ 30,383
Interest	-	-	95	95
Total revenues	-	-	30,478	30,478
EXPENDITURES				
Current:				
General government	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	30,478	30,478
Fund balances, beginning	55,534	55,534	55,534	-
FUND BALANCES, ENDING	$ 55,534	$ 55,534	$ 86,012	$ 30,478

Discretely Presented Component Units

ECONOMIC DEVELOPMENT CORPORATION – purpose is to promote and develop new and expanded business enterprises to promote and encourage employment in the furtherance of public welfare within the Town.

COMMUNITY DEVELOPMENT CORPORATION – purpose is to improve and expand park and recreational facilities from revenue generated through the Type 4B sales tax.

Town of Little Elm, Texas
Balance Sheet
Economic Development Corporation
September 30, 2022

ASSETS		
Cash and cash equivalents	$	4,961,176
Receivables:		
Sales taxes		636,727
Leases		4,140,375
Financed purchases		2,726,903
Note receivable from primary government		300,000
Other		210,352
Due from primary government		272,375
Prepaids		10,800
TOTAL ASSETS	$	13,258,708
LIABILITIES		
Accounts payable and other current liabilities	$	710,844
Due to primary government		105,642
Total liabilities		816,486
DEFERRED INFLOWS OF RESOURCES		
Unavailable resources - note receivable		300,000
Unavailable resources - lease receivables		4,077,216
Unavailable resources - financed purchases receivable		2,726,903
Total deferred inflows of resources		7,104,119
FUND BALANCES		
Nonspendable		10,800
Restricted		5,327,303
Total fund balances		5,338,103
TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$	13,258,708

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Economic Development Corporation
September 30, 2022

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	$	5,338,103
Amounts reported in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.		20,100,253
Long-term leases receivable are not considered current financial resources and, therefore, the recognition of revenue on such receivables is deferred in the governmental funds financial statements.		3,026,903
Notes payable are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(17,432,587)
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.		(39,269)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(71,202)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	10,922,201

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balance
Economic Development Corporation
For the Year Ended September 30, 2022

REVENUES		
Taxes		
General sales and use taxes	$	3,409,861
Intergovernmental		200,000
Investment income		68,362
Other revenues		375,315
Total revenues		4,053,538
EXPENDITURES		
Current:		
General government		135,642
Economic and physical development		1,555,628
Debt Service		
Principal		734,201
Interest and other fiscal charges		475,089
Capital outlay		8,583,324
Total expenditures		11,483,884
Deficiency of revenues under expenditures		(7,430,346)
OTHER FINANCING SOURCES		
Financed purchase - principal payment		80,212
Total other financing sources		80,212
Revenues and other financing sources under expenditures and other financing uses		(7,350,134)
Fund balance, beginning of year		12,688,237
FUND BALANCE, END OF YEAR	$	5,338,103

Town of Little Elm, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Economic Development Corporation
For the Year Ended September 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (7,350,134)
Amounts reported for component unit funds in the statement of activities are different because:	
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	2,050
Capital outlays are reported as expenditures in governmental funds; however, in the government-wide financial statements, the costs are capitalized as capital asset additions.	8,583,324
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position.	(44,910)
Financed purchase principal payments are recogized as other financing sources at the fund level and reductions of the receivable balance at the government-wide level.	(80,212)
Long-term receivables are reported in the govenrment-wide financial statements, but recording of revenue is reported within governmental funds.	(100,000)
Repayment of note principal of $734,201 is an expenditure in the governmental funds in the governmental funds. The net of the repayment increases long-term liabilities in the statement of net position.	734,201
Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the change in compensated absences and other items.	(35,216)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 1,709,103

Town of Little Elm, Texas
Balance Sheet
Community Development Corporation
September 30, 2022

	Community Development Corporation
ASSETS	
Cash and cash equivalents	$ 1,238,320
Investments	662,395
Receivables	320,163
Total assets	$ 2,220,878
LIABILITIES	
Accounts payable and other current liabilities	$ 475
Total liabilities	475
FUND BALANCE	
Restricted	2,220,403
Total fund balance	2,220,403
TOTAL LIABILITES AND FUND BALANCE	$ 2,220,878

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Community Development Corporation
September 30, 2022

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	$ 2,220,403
No differences between balance sheet and statement of net position.	-
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 2,220,403

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balance
Community Development Corporation
For the Year Ended September 30, 2022

REVENUES		
Taxes		
General sales and use taxes	$	1,727,129
Interest		1,117
Intergovernmental Revenue		240,893
Total revenues		1,969,139
EXPENDITURES		
Current:		
General government		15,000
Economic and physical development		135,796
Debt Service		834,719
Total expenditures		985,515
Net change in fund balance		983,624
Fund balance, beginning of year		1,236,779
FUND BALANCE, END OF YEAR	$	2,220,403

Town of Little Elm, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Community Development Corporation
For the Year Ended September 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$	983,624
Amounts reported for component unit funds in the statement of activities are different because:		
No differences between change in fund balance and change in net position		-
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	983,624

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Statistical Section

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STATISTICAL SECTION

This part of the Town of Little Elm's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents	Table #s
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	**A-1 to A-4**
Revenue Capacity These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.	**B-1 to B-5**
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	**C-1 to C-4**
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	**D-1 to D-2**
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides.	**E-1 to E-3**

Source: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

Town of Little Elm, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	$ 63,117,552	$ 69,289,961	$ 77,934,036	$ 89,811,757
Restricted	1,456,437	11,901,273	13,440,890	8,767,764
Unrestricted	13,561,477	13,397,901	5,819,571	9,215,510
Total governmental activities net position	$ 78,135,466	$ 94,589,135	$ 97,194,497	$ 107,795,031
Business-type activities				
Net investment in capital assets	$ 27,797,915	$ 33,308,054	$ 38,387,629	$ 37,228,657
Restricted	1,545,571	1,286,723	150,598	1,104,061
Unrestricted	2,792,130	1,253,792	4,209,613	6,738,911
Total business-type activities net position	$ 32,135,616	$ 35,848,569	$ 42,747,840	$ 45,071,629
Primary government				
Net investment in capital assets	$ 90,915,467	$ 102,598,015	$ 116,321,665	$ 127,040,414
Restricted	3,002,008	13,187,996	13,591,488	9,871,825
Unrestricted	16,353,607	14,651,693	10,029,184	15,954,421
Total primary governmental net position	$ 110,271,082	$ 130,437,704	$ 139,942,337	$ 152,866,660

Source: Annual Comprehensive Financial Report

	Fiscal Year					
	2017	2018	2019	2020	2021	2022
	$ 123,244,861	$ 123,244,861	$ 145,345,688	$ 157,699,639	$ 171,316,394	$ 193,734,603
	7,397,801	12,374,755	13,172,118	15,434,016	60,716,093	45,593,051
	25,329,679	20,210,367	19,947,537	23,395,692	31,046,365	39,112,760
	$ 155,972,341	$ 155,829,983	$ 178,465,343	$ 196,529,347	$ 263,078,852	$ 278,440,414
	$ 38,221,407	$ 40,669,826	$ 41,141,551	$ 44,190,975	$ 46,431,372	$ 58,985,491
	2,014,670	2,766,515	3,895,353	4,376,151	4,704,740	5,547,764
	6,966,515	11,378,914	14,453,500	19,105,126	24,001,071	27,306,798
	$ 47,202,592	$ 54,815,255	$ 59,490,404	$ 67,672,252	$ 75,137,183	$ 91,840,053
	$ 161,466,268	$ 163,914,687	$ 186,487,239	$ 201,890,614	$ 217,747,766	$ 252,720,094
	9,412,471	15,141,270	17,067,471	19,810,167	65,420,833	51,140,815
	32,296,194	31,589,281	34,401,037	42,500,818	55,047,436	66,419,558
	$ 203,174,933	$ 210,645,238	$ 237,955,747	$ 264,201,599	$ 338,216,035	$ 370,280,467

Town of Little Elm, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	$ 5,867,144	$ 5,289,827	$ 6,085,289	$ 12,682,196
Community services	1,638,809	1,918,695	2,408,167	2,412,674
Public safety	9,335,742	10,433,709	12,583,312	16,154,573
Public works	6,021,562	6,499,936	6,956,858	4,894,523
Culture and recreation	2,667,072	3,104,651	2,424,055	3,850,034
Interest on long-term debt	1,473,694	3,388,234	1,707,491	1,552,317
Total governmental activities expenses	$ 27,004,023	$ 30,635,052	$ 32,165,172	$ 41,546,317
Business-type activities:				
Water and sewer	$ 8,938,110	$ 9,018,321	$ 9,597,743	$ 12,813,910
Solid waste	1,828,285	1,983,776	1,732,336	1,797,240
Total business-type activities expenses	10,766,395	11,002,097	11,330,079	14,611,150
Total primary government expenses	$ 37,770,418	$ 41,637,149	$ 43,495,251	$ 56,157,467
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	$ 225,645	$ 142,850	$ 191,432	$ 239,193
Community services	3,219,516	4,826,558	5,265,753	5,448,892
Public safety	1,421,556	1,408,432	1,682,570	2,096,745
Public works	18,219	52,660	163,616	999,412
Culture and recreation	367,880	548,339	799,635	845,848
Operating grants and contributions	8,481,366	877,283	2,330,627	1,888,507
Capital grants and contributions	8,196,369	20,153,631	4,480,887	15,400,107
Total governmental activities program revenues	$ 21,930,551	$ 28,009,753	$ 14,914,520	$ 26,918,704
Business-type activities:				
Charges for services:				
Water and sewer	$ 10,843,125	$ 11,206,850	$ 13,023,491	$ 14,156,856
Solid waste	1,919,103	2,038,990	2,157,342	2,247,375
Operating grants and contributions	22,395	-	23,964	-
Capital grants and contributions	1,828,359	3,595,837	3,593,256	2,387,592
Total business-type activities program revenues	$ 14,612,982	$ 16,841,677	$ 18,798,053	$ 18,791,823
Total primary government program revenues	$ 36,543,533	$ 44,851,430	$ 33,712,573	$ 45,710,527

Source: Annual Comprehensive Financial Report
Notes: [b] General Revenue classifications modified.

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 7,030,639	$ 9,915,012	$ 8,443,749	$ 6,028,316	$ 12,236,888	$ 11,340,090
2,562,510	5,470,064	2,948,714	3,072,109	3,224,276	3,863,583
14,962,540	2,794,957	18,514,472	21,585,797	25,324,342	25,905,436
4,620,071	17,210,038	8,392,911	7,500,282	9,051,190	7,542,098
3,813,775	6,007,369	5,884,721	6,223,043	8,034,076	8,000,800
1,705,104	4,970,121	3,244,002	1,961,911	1,684,428	2,258,043
$ 34,694,639	$ 46,367,561	$ 47,428,569	$ 46,371,458	$ 59,555,200	$ 58,910,050
$ 13,091,003	$ 13,442,962	$ 13,401,840	$ 13,570,792	$ 14,115,471	$ 15,915,334
1,885,091	1,937,883	2,061,254	2,345,983	2,580,141	2,751,070
14,976,094	15,380,845	15,463,094	15,916,775	16,695,612	18,666,404
$ 49,670,733	$ 61,748,406	$ 62,891,663	$ 62,288,233	$ 76,250,812	$ 77,576,454
$ 480,986	$ 1,326,909	$ 81,933	$ 146,117	$ 202,503	$ 364,807
5,284,136	4,720,087	4,045,264	4,352,645	7,697,199	5,281,100
2,598,197	2,830,765	3,702,971	3,663,496	3,562,529	2,303,888
820,186	1,480,153	1,775,903	1,785,248	2,690,593	1,209,347
1,312,017	1,615,206	1,663,191	1,150,886	4,263,087	4,996,460
2,486,348	662,533	741,359	4,403,463	3,830,214	7,048,990
8,269,408	34,764,994	20,308,931	8,561,351	61,971,547	16,933,233
$ 21,251,278	$ 47,400,647	$ 32,319,552	$ 24,063,206	$ 84,217,672	$ 38,137,825
$ 15,381,528	$ 17,754,577	$ 18,144,028	$ 19,036,780	19,243,512	21,588,921
2,329,542	2,394,909	2,524,859	2,834,435	3,110,319	3,334,622
50	194,520	3,750	288,654	-	-
1,363,346	2,224,101	1,128,838	3,695,752	3,520,701	1,296,399
$ 19,074,466	$ 22,568,107	$ 21,801,475	$ 25,855,621	$ 25,874,532	$ 26,219,942
$ 40,325,744	$ 69,968,754	$ 54,121,027	$ 49,918,827	$ 110,092,204	$ 64,357,767

Town of Little Elm, Texas

Changes in Net Position – Continued
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Net (Expenses) Revenue				
Governmental activities	$ (10,271,123)	$ (5,073,472)	$ (2,625,299)	$ (17,250,652)
Business-type activities	4,110,713	3,846,587	5,839,580	7,467,974
Total primary government net expenses	$ (6,160,410)	$ (1,226,885)	$ 3,214,281	$ (9,782,678)
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 10,662,787	$ 10,864,585	$ 11,851,416	$ 14,089,672
Sales & Other taxes	4,039,591	4,506,310	4,843,855	5,641,075
Unrestricted investment earnings	199,751	136,752	156,577	155,456
Gains on sale of assets	-	9,330	18,171	23,500
Miscellaneous	464,013	513,343	1,158,653	1,322,492
Transfers	1,815,196	1,551,460	1,697,504	474,640
Total governmental activities	$ 17,181,338	$ 17,581,780	$ 19,726,176	$ 21,706,835
Business-type activities:				
Taxes	$ 82,977	$ 92,009	$ 106,872	$ 119,560
Unrestricted investment earnings	139,604	96,344	44,010	29,969
Gains on sale of assets	-	9,343	7,214	-
Miscellaneous	-	-	-	-
Transfers	(1,815,196)	(1,551,460)	(1,697,504)	(474,640)
Total business-type activities	$ (1,592,615)	$ (1,353,764)	$ (1,539,408)	$ (325,111)
Total primary government	$ 15,588,723	$ 16,228,016	$ 18,186,768	$ 21,381,724
Change in Net Position				
Governmental activities	$ 6,910,215	$ 12,508,308	$ 17,100,877	$ 4,456,183
Business-type activities	2,518,098	2,492,823	7,142,863	7,142,863
Total primary government	$ 9,428,313	$ 15,001,131	$ 24,243,740	$ 11,599,046

Source: Annual Comprehensive Financial Report

Notes: [a] General Revenue classifications modified.

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ (13,443,361)	$ (15,109,017)	$ (22,308,252)	$ 24,662,472	$ 24,662,472	$ (20,772,225)
4,098,372	6,338,381	9,938,846	9,178,920	9,178,920	7,553,538
$ (9,344,989)	$ (8,770,636)	$ (12,369,406)	$ 33,841,392	$ 33,841,392	$ (13,218,687)
$ 16,052,346	$ 21,827,298	$ 24,654,126	$ 27,474,111	$ 28,852,488	$ 31,503,691
6,136,073	7,220,842	7,549,289	8,466,994	9,538,367	11,468,601
222,445	628,922	1,456,551	999,944	373,282	530,582
252,717	-	108,592	12,422	604,039	1,268,703
629,343	751,830	1,648,669	1,052,785	142,857	164,286
2,042,935	57,640	2,327,150	2,366,000	2,376,000	(8,802,076)
$ 25,335,859	$ 30,486,532	$ 37,744,377	$ 40,372,256	$ 41,887,033	$ 36,133,787
$ 110,588	$ 123,504	$ 150,895	$ 173,375	$ 187,207	$ 215,412
75,463	307,881	472,431	426,620	228,569	120,484
-	15,864	15,456	-	-	11,360
-	59,830	25,136	9,007	246,235	-
(2,042,935)	(57,640)	(2,327,150)	(2,366,000)	(2,376,000)	8,802,076
$ (1,856,884)	$ 449,439	$ (1,663,232)	$ (1,756,998)	$ (1,713,989)	$ 9,149,332
$ 23,478,975	$ 30,935,971	$ 36,081,145	$ 38,615,258	$ 40,173,044	$ 45,283,119
$ 15,377,515	$ 15,436,125	$ 65,034,728	$ 65,034,728	$ 66,549,505	$ 15,361,562
6,787,820	8,275,614	7,421,922	7,421,922	7,464,931	16,702,870
$ 22,165,335	$ 23,711,739	$ 72,456,650	$ 72,456,650	$ 74,014,436	$ 32,064,432

Town of Little Elm, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Reserved [a]	$ -	$ -	$ -	$ -
Nonspendable [a]	274,054	200,487	265,038	299,425
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	925,000	4,938,437	-	-
Unassigned	5,751,731	3,312,912	6,700,923	11,028,718
Unreserved, designated for	-	-	-	-
Unbudgeted expenditures	-	-	-	-
Unreserved, undesignated	-	-	-	-
Total general fund	$ 6,950,785	$ 8,451,836	$ 6,965,961	$ 11,328,143
All Other Governmental Funds				
Nonspendable [a]	$ 150	$ 6,302	$ -	$ 123,522
Restricted	8,113,910	17,979,664	10,883,984	17,206,729
Committed	620,602	241,487	1,644,874	1,153,748
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 8,734,662	$ 18,227,453	$ 12,528,858	$ 18,483,999

Source: Annual Comprehensive Financial Report

Notes: [a] Includes inventory and prepaid

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ -	$ -	$ -	$ -	$ -	$ -
313,699	64,554	60,914	81,691	124,772	213,054
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,660,796	21,148,258	21,312,934	25,515,797	33,039,775	41,157,273
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 15,974,495	$ 21,212,812	$ 21,373,848	$ 25,597,488	$ 33,164,547	$ 41,370,327
$ -	$ -	$ -	$ 743	$ -	$ 50
11,292,937	28,677,341	32,482,359	22,668,693	77,720,015	69,759,650
409,582	751,574	1,674,909	1,271,178	-	-
-	-	-	-	-	-
(6,306)	(142,458)	-	-	(1,641)	-
$ 11,696,213	$ 29,286,457	$ 34,157,268	$ 23,940,614	$ 77,718,374	$ 69,759,700

Town of Little Elm, Texas

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Property taxes, penalties and interest	$ 10,968,977	$ 11,819,118	$ 13,912,222	$ 16,210,647
Sales tax	2,775,736	2,987,162	3,540,489	4,010,218
Franchise and other taxes	1,730,574	1,856,693	2,100,586	2,065,392
Licenses and permits	2,280,136	3,814,451	4,009,517	5,161,638
Intergovernmental revenue and grants	2,055,690	1,365,490	2,630,400	2,252,406
Charges for services	1,521,394	1,884,181	2,765,194	3,098,936
Impact fees	1,274,372	514,220	1,722,581	499,168
Fines and forfeitures	667,479	589,772	886,617	856,897
Contributions	-	18,756,088	1,254,495	3,900,214
Interest earnings	136,281	154,060	131,666	209,291
Other revenue	1,134,249	1,310,971	764,579	726,869
Total revenues	24,544,888	45,052,206	33,718,346	38,991,676
EXPENDITURES				
General government	5,662,076	3,459,553	5,795,226	4,009,920
Community services	1,604,716	1,910,740	2,408,167	2,917,957
Public safety	8,185,886	9,454,244	10,668,379	11,425,793
Public works	2,417,222	2,794,991	3,225,270	4,141,315
Culture and recreation	2,211,489	2,639,344	2,947,604	3,177,221
Debt service				
Principal retirement	1,837,728	2,097,789	2,499,432	2,825,254
Interest and fiscal charges	1,649,588	3,579,358	1,654,972	1,865,298
Other debt service costs	-	-	-	597,105.00
Capital outlay	8,758,950	12,815,066	14,197,333	10,029,564
Total expenditures	32,327,655	38,751,085	43,396,383	40,989,427
Excess (deficiency) of revenues over (under) expenditures	(7,782,767)	6,301,121	(9,678,037)	(1,997,751)
OTHER FINANCING SOURCES (USES)				
Bonds/notes issued	8,735,000	5,020,000	1,990,000	16,380,000
Sale of capital assets	509,233	18,171	23,500	252,717
Capital lease obligations issued	-	144,913	104,957	-
Leases issued	-	-	-	-
Insurance recoveries	-	-	-	-
Premium on bonds issued	143,094	235,610	-	787,923
Payment to refunded bond escrow agent	-	(2,190,000)	-	(7,148,501)
Transfer from other funds	3,035,883	2,556,084	4,209,821	2,743,996
Transfer to other funds	(1,678,023)	(1,092,057)	(3,834,711)	(701,061)
Total other financing sources (uses)	10,745,187	4,692,721	2,493,567	12,315,074
NET CHANGE IN FUND BALANCES	$ 2,962,420	$ 10,993,842	$ (7,184,470)	$ 10,317,323
Debt service as a percentage of noncapital expenditures	14.8%	20.7%	13.6%	14.1%

Source: Annual Comprehensive Financial Report

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 18,796,064	$ 21,863,934	$ 24,655,979	$ 27,356,975	$ 28,897,058	$ 31,513,179
4,303,543	4,881,118	5,278,231	6,201,247	7,258,930	8,820,224
2,133,889	2,339,724	2,271,058	2,265,747	2,279,437	2,648,377
4,743,132	4,627,259	4,325,422	4,783,505	8,618,191	4,606,232
4,365,912	1,638,166	3,195,962	6,168,970	8,309,427	11,944,750
3,982,077	4,562,866	5,020,158	4,329,841	7,172,423	7,886,238
754,659	592,384	738,079	620,170	1,611,378	567,432
1,055,079	1,188,762	1,180,796	907,125	1,724,383	1,094,483
3,408,072	24,160,636	5,596,739	2,369,847	47,803,383	11,955,694
272,668	591,988	1,389,624	941,866	343,751	526,808
813,755	662,659	572,364	577,148	813,866	1,285,761
44,628,850	67,109,496	54,224,412	56,522,441	114,832,227	82,849,178
4,273,199	10,268,332	6,607,780	5,140,370	11,946,544	11,912,452
2,563,865	2,837,652	3,004,065	3,107,016	3,231,570	3,866,238
13,861,595	16,770,953	18,646,409	21,100,611	24,064,560	25,685,458
3,179,415	3,727,511	5,278,146	3,994,842	4,442,969	5,238,260
3,574,826	3,975,192	4,330,942	4,359,830	5,664,620	7,018,993
3,291,897	3,593,540	5,001,002	5,620,395	4,460,000	4,670,000
1,784,447	1,742,079	2,011,943	2,038,797	1,731,358	2,062,810
-	3,240,426	1,370,615	193,021	181,340	644,301
17,686,821	16,876,441	12,981,218	23,944,854	15,527,184	23,070,226
50,216,065	63,032,126	59,232,120	69,499,736	71,250,145	84,168,738
(5,587,215)	4,077,370	(5,007,708)	(12,977,295)	43,582,082	(1,319,560)
-	15,460,000	13,960,000	9,645,000	13,605,000	9,560,000
31,663	103,668	142,943	-	46,041	5,097
-	-	-	-	-	-
-	-	-	-	-	17,058
1,016,343	321,485	426,578	146,328	159,356	171,074
-	766,813	1,061,382	303,844	1,576,340	615,513
-	-	(7,878,498)	(5,476,891)	-	-
4,421,619	4,640,598	5,520,135	6,973,851	8,725,235	5,528,475
(2,124,469)	(2,541,373)	(3,192,985)	(4,607,851)	(6,349,235)	(14,330,551)
3,345,156	18,751,191	10,039,555	6,984,281	17,762,737	1,566,666
$ (2,242,059)	$ 22,828,561	$ 5,031,847	$ (5,993,014)	$ 61,344,819	$ 247,106
15.7%	11.9%	15.1%	12.9%	10.8%	10.5%

Town of Little Elm, Texas **Table B-1**

Appraised Value of Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Market Valuation: Real Property	Market Valuation: Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2013	$ 1,661,535,865	$ 64,223,721	$ 181,089,163	$ 1,544,670,423	0.66497
2014	1,811,983,598	70,371,887	199,149,794	1,683,205,691	0.66497
2015	2,107,295,778	71,348,481	226,256,365	1,952,387,894	0.66497
2016	2,653,573,290	82,618,591	312,314,526	2,423,877,355	0.66169
2017	3,124,111,734	81,122,761	339,178,385	2,866,056,110	0.66169
2018	3,633,597,800	99,219,245	363,504,268	3,369,312,777	0.65767
2019	4,165,315,692	100,211,706	361,702,600	3,903,824,798	0.64990
2020	4,646,921,748	109,987,311	368,020,704	4,388,888,355	0.64990
2021	4,873,039,686	114,727,034	292,826,249	4,694,940,471	0.64970
2022	5,431,892,705	124,099,690	345,803,981	5,210,188,414	0.64395

Source: Denton County Appraisal District

Town of Little Elm, Texas **Table B-2**

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	Town Direct Rates			Overlapping Rates [a]						
Fiscal Year	Operating Rate	Debt Service Rate	Total Town Rate	Little Elm Independent School District - LEISD	Frisco Independent School District - FISD	Denton Independent School District - DISD	Denton County	Total Direct and Overlapping Rates - LEISD	Total Direct and Overlapping Rates - FISD	Total Direct and Overlapping Rates - DISD
2013	0.48129	0.18369	0.66497	1.54000	1.46000	1.53000	0.28287	2.48784	2.40784	2.47784
2014	0.49665	0.16833	0.66497	1.54000	1.46000	1.53000	0.28491	2.48989	2.40989	2.47989
2015	0.47715	0.18782	0.66497	1.54000	1.46000	1.54000	0.27220	2.47717	2.39717	2.47717
2016	0.47760	0.18409	0.66169	1.54000	1.46000	1.54000	0.26200	2.46369	2.38369	2.46369
2017	0.49573	0.16596	0.66169	1.54000	1.46000	1.54000	0.26200	2.46369	2.38369	2.46369
2018	0.48519	0.17248	0.65767	1.54000	1.46000	1.54000	0.23781	2.43548	2.35548	2.43548
2019	0.47943	0.17047	0.64990	1.64000	1.44000	1.54000	0.22557	2.51547	2.31547	2.41547
2020	0.49587	0.15403	0.64990	1.53830	1.33830	1.47000	0.22528	2.41348	2.21348	2.34518
2021	0.52000	0.12970	0.64970	1.49360	1.31020	1.40760	0.22499	2.36829	2.18489	2.28229
2022	0.52404	0.11991	0.64395	1.43030	1.26720	1.36200	0.23309	2.30733	2.14423	2.23903

[a] Overlapping rates are those of local and county governments that apply to property owners within the Town of Little Elm. A typical property tax bill would consist of the Town, School District, and County taxes.

Source: Town of Little Elm, Denton County, Little Elm ISD, Frisco ISD, and Denton ISD

Note: Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Town of Little Elm, Texas **Table B-3**

Principal Property Tax Payers
Current Year and Nine Years Ago (Unaudited)

FY 2021-2022
(2021 Certified Tax Roll)

	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
WESTERN RIM INVESTORS 2014-5 LP	$ 72,484,240	1.39%
ORION LAKESIDE LLC	69,000,000	1.32%
4 CORNERS AL LP	62,606,686	1.20%
TEXAS PROPERTY BORROWER LLC	61,371,440	1.18%
BELL FUND VI FRISCO LLC	56,416,358	1.08%
CENTENNIAL LUXE LP	54,000,000	1.04%
GCRE/TX MAIN MARKETPLACE LLC & LCAR MAIN MARKET LLC	50,300,000	0.97%
THE LANDING AT LITTLE ELM APARTMENTS LLC	31,500,000	0.60%
PALLADIUM USA	31,361,264	0.60%
CRIMSON 1031 PORTFOLIO LLC	27,408,600	0.53%
Total	$ 516,448,588	9.91%
Total Assessed Valuation	$ 5,210,188,414	100.00%

FY 2012-2013
(2012 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Little Elm TC Partners LTD	$ 18,975,000	1.23%
Kroger, Texas LP	13,216,475	0.86%
Retractable Technologies, Inc.	12,430,091	0.80%
Village at Eldorado CMC	12,164,000	0.79%
CoServ Electric	9,005,090	0.58%
NWC FM 423 and Eldorado Parkway LTD	7,476,017	0.48%
Scarborough Sunset IIIP	6,479,978	0.42%
Paloma Creek All Storage	6,391,329	0.41%
Yes Companies, LLC	5,972,916	0.39%
Western Rim Investors	5,431,474	0.35%
Total	$ 97,542,370	6.31%
Total Assessed Valuation	$ 1,544,670,423	100.00%

Source: Denton Central Appraisal District.

Note: Property is assessed as of January 1 and certified to the town by July 25 for taxable values

Town of Little Elm, Texas **Table B-4**

Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	$ 10,651,248	$ 10,514,194	98.71%	$ 135,387	$ 10,649,581	99.98%
2014	11,780,687	11,648,622	98.88%	119,889	$ 11,768,511	99.90%
2015	13,629,127	13,581,388	99.65%	38,774	$ 13,620,162	99.93%
2016	15,848,795	15,812,201	99.77%	23,339	$ 15,835,540	99.92%
2017	18,694,955	18,616,309	99.58%	68,084	$ 18,684,393	99.94%
2018	21,819,292	21,774,594	99.80%	61,488	$ 21,836,082	100.08%
2019	24,976,789	24,904,762	99.71%	103,618	$ 25,008,380	100.13%
2020	28,077,721	27,999,271	99.72%	54,473	$ 28,053,744	99.91%
2021	29,718,306	29,593,236	99.58%	-	$ 29,593,236	99.58%
2022	32,781,656	32,666,782	99.65%	-	$ 32,666,782	99.65%

Source: Denton Central Appraisal District

Town of Little Elm, Texas **Table B-5**

Municipal Sales Tax and Ratio to Ad Valorem Tax Levy
And Ad Valorem Tax Rate
Last Ten Years (Unaudited)

The Town has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 6, 2005. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. **Net** collections on a **fiscal year** basis are shown below:

Fiscal Year Ended Sept 30	Total Collected	1¼% [a] City	% of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.50% 4A EDC	0.25% 4B CDC
2013	$ 4,479,710	$ 2,799,819	26.29%	0.17480	$ 1,119,927	$ 559,964
2014	4,810,546	3,006,591	25.52%	0.16971	1,202,636	601,318
2015	5,705,401	3,565,876	26.16%	0.17398	1,426,350	713,175
2016	6,962,498	4,351,562	27.46%	0.18168	1,740,625	870,312
2017	7,242,129	4,526,330	24.21%	0.16020	1,810,532	905,266
2018	7,999,076	4,999,422	22.91%	0.15069	1,999,769	999,884
2019	8,695,403	5,434,627	21.76%	0.14141	2,173,851	1,086,925
2020	10,105,335	6,315,834	22.49%	0.14619	2,526,334	1,263,167
2021	11,584,128	7,240,080	24.36%	0.15828	2,896,032	1,448,016
2022	14,132,662	8,832,914	26.94%	0.17351	3,533,166	1,766,583

[a] The Town's portion of the sales tax collections increased from 1% to 1¼% beginning October 1, 2005 as the result of the May 2005 authorization for an additional ¼% for street maintenance. The voters have continued to support this dedicated sales tax for the street maintenance program. This continuation was reflected in the May 2020 election.

Source: Texas Comptroller of Public Affairs Website (http://www.window.state.tx.us/taxinfo/sales)

Town of Little Elm, Texas **Table C-1**

Ratio of Outstanding Bonded Debt by Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities			Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations[a]	Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Other Obligations[a]	Note Payable to EDC	Total Primary Government	Percentage of Personal Income[b]	Per Capita[b]
2013	$34,335,527	$ 8,170,000	$ 202,689	$ 3,055,000	$ 7,504,473	$ 21,890,000	-	-	$ 75,157,689	8.11%	2,144
2014	32,307,738	10,930,000	175,177	-	9,407,262	21,060,000	-	-	73,880,177	8.23%	2,291
2015	31,043,926	10,563,955	2,032,096	-	9,044,162	20,400,854	-	-	73,084,993	8.14%	2,266
2016	29,061,169	19,953,985	1,602,905	-	8,806,563	27,364,862	-	$ 900,000	87,689,484	9.13%	2,565
2017	26,856,884	19,095,903	1,222,932	-	21,626,986	24,995,585	-	800,000	94,598,290	6.78%	2,456
2018	25,299,571	33,517,823	855,000	-	20,680,733	23,234,304	-	700,000	104,287,431	6.54%	2,481
2019	24,556,855	36,644,677	495,000	-	19,121,943	20,785,888	-	600,000	102,204,364	5.81%	2,295
2020	21,404,875	38,571,929	250,000	-	17,535,005	20,742,471	-	500,000	99,004,280	5.33%	2,143
2021	18,754,992	51,955,893	-	-	15,954,458	28,628,906	-	400,000	115,694,249	5.30%	2,244
2022	16,170,109	59,735,500	-	-	14,479,458	27,008,050	-	300,000	117,693,116	4.42%	2,279

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a]Includes Tax Notes

[b]See Table D-1 for personal income and population data.

Town of Little Elm, Texas **Table C-2**

Ratio Of Net General Bonded Debt To Assessed Value
And Net Value Bonded Debt Per Capita
Last Ten Fiscal Years (Unaudited)

	General Bonded Debt Outstanding [c]						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property [a]	Per Capita [b]
2013	$41,840,000	$ 8,170,000	$ 50,010,000	$ 567,931	$ 49,442,069	3.20%	1,410
2014	41,715,000	10,930,000	52,645,000	367,338	52,277,662	3.11%	1,621
2015	39,005,000	10,450,000	49,455,000	1,005,376	48,449,624	2.48%	1,432
2016	37,867,732	19,953,985	57,821,716	453,186	57,368,530	2.37%	1,595
2017	48,483,870	19,095,903	67,579,773	746,213	66,833,560	2.33%	1,750
2018	45,980,304	33,517,823	79,498,127	1,153,205	78,344,922	2.33%	1,766
2019	43,678,798	36,644,677	80,323,475	1,080,534	79,242,941	2.03%	1,780
2020	38,939,880	38,571,929	77,511,809	839,855	76,671,954	1.75%	1,660
2021	34,709,450	51,955,893	86,665,343	680,723	85,984,620	1.83%	1,668
2022	30,649,567	59,735,500	90,385,067	1,203,899	89,181,168	1.71%	1,727

Notes: Details regarding the town's outstanding debt can be found in the notes to the financial statements.

[a] See Table B-1 for property value data.

[b] See Table D-1 for population data.

[c] This does not include Certificates of Obligations from Business-Type Activities. See Table C-1 for Business-Type Activities revenue based ratios.

Town of Little Elm, Texas **Table C-3**

Direct and Overlapping Debt

As of September 30, 2021 (Unaudited)

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area [d]	Town of Little Elm Share of Overlapping Debt [c]
Debt repaid with property taxes				
Aubrey I.S.D	Sep-22	$ 285,059,457	0.01%	$ 28,506
Frisco I.S.D.	Sep-22	2,260,840,227	3.14%	70,990,383
Little Elm I.S.D.	Sep-22	323,195,141	38.57%	124,656,366
Denton County	Sep-22	559,930,000	3.87%	21,669,291
Highway 380 MMD #1	Sep-22	85,150,000	71.05%	60,499,075
Subtotal, overlapping debt		$ 3,514,174,825		277,843,621
Town of Little Elm Direct Debt [a]	Sep-22	$ 75,905,609	100.00%	75,905,609
Total direct and overlapping debt				$ 353,749,230
Ratio of direct and overlapping debt principal to taxable values [b]				6.79%
Ratio of direct and overlapping debt principal to actual market values [b]				6.37%

Source: Municipal Advisory Council of Texas

Notes: [a] Includes Governmental Activities debt

[b] See Table B-1 for property value data.

[c] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Little Elm, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[d] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value.

Town of Little Elm, Texas **Table C-4**

Legal Debt Margin Information
Last Ten Years (Unaudited)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Maximum Rate	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Total Tax Rate	0.6650	0.6650	0.6650	0.6617	0.6617	0.6577	0.6499	0.6499	0.64970	0.64395
Legal Debt Margin	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8383	$ 1.8383	$ 1.8423	$ 1.8501	$ 1.8501	$ 1.8503	$ 1.8561

Town of Little Elm, Texas **Table D-1**

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	School Enrollment[c]	Unemployment Rate[d]	Average Household Income
				Little Elm ISD	Denton County	
2013	35,059	$ 926,188,662	$ 26,418	6,606	5.5%	n/a
2014	32,248	897,558,584	27,833	6,910	4.5%	n/a
2015	33,842	950,418,728	28,084	7,193	3.4%	n/a
2016	35,960	1,059,813,120	29,472	7,354	3.3%	n/a
2017	38,194	1,384,074,172	36,238	7,371	4.1%	n/a
2018	42,040	1,594,493,120	37,928	7,565	2.9%	n/a
2019	44,530	1,760,493,550	39,535	8,055	2.7%	117,502
2020	46,200	1,858,764,600	40,233	8,100	6.6%	128,783
2021	51,553	2,184,197,504	42,368	8,011	3.9%	134,914
2022	51,635	2,664,314,365	51,599	8,308	3.0%	155,635

Sources: [a]Estimated population provided North Central Texas Council of Governments
[b]Per Capita Income provided by Census.gov
[c]Little Elm Independent School Districts.
[d] Federal Deposit Insurance Corporation, FDIC.gov

Note: Personal income is calculated by multiplying estimated population by per capita personal income.

Town of Little Elm, Texas **Table D-2**

Principal Employers
Current Year and Nine Years Ago (Unaudited)

2022

Employer	Employees	Percentage of Total City Employment
Little Elm ISD	1,000	12.91%
Town of Little Elm	347	4.47%
Retractable Technologies	204	2.63%
Kroger	200	2.58%
Lowes Home Center	190	2.45%
Holt	80	1.03%
Hula Hut	55	0.71%
Total	2,166	27.97%
Total Little Elm Daytime Employees	7,745	

2013

Employer	Employees	Percentage of Total City Employment
Little Elm ISD	751	21.46%
Kroger	225	6.43%
Town of Little Elm	191	5.46%
Retractable Technologies	150	4.29%
Lowes Home Center	136	3.89%
Applebee's	100	2.86%
24 Hour Fitness	50	1.43%
Total	1,603	45.80%
Total Little Elm Daytime Employees	3,500	

Source: Top ten employers and employee count provided by Little Elm Economic Development Corporation.

Town of Little Elm, Texas **Table E-1**

Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022[a]
General Government	21.00	19.50	19.00	19.00	21.00	22.50	21.50	24.50	21.50	23.50
Public Safety	85.50	90.00	95.50	111.50	112.50	129.50	136.00	147.00	158.00	179.00
Public Works	21.00	18.50	20.00	19.50	14.50	20.50	20.50	18.50	18.50	23.00
Culture and Recreational	31.50	32.50	35.00	37.50	40.50	47.50	49.00	46.50	82.50	68.00
Planning and Development	10.00	15.00	15.00	14.00	19.00	13.00	19.00	16.00	13.00	17.00
Water and Sewer	27.00	30.00	29.00	29.00	28.00	33.00	29.00	31.00	33.00	36.00
Total	196.00	205.50	213.50	230.50	235.50	266.00	275.00	283.50	326.50	346.50

Source: Town Departments

Town of Little Elm, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
Function/Program	2013	2014	2015	2016
Public Safety				
Police				
Number of employees [b]	44	44	49	52
Number of violations (citations)	4,434	4,306	5,332	4,617
Fire				
Number of employees[b]	42	47	45	55
Number of volunteers	0	3	10	10
Number of fire runs	1,011	992	1,112	1,287
Number of EMS runs	1,437	1,732	1,714	1,940
Public Works				
Streets (miles)	108	108	131	138
Community Services				
Residential permits	737	860	1034	1154
Commercial permits	59	62	68	76
Cultural and Recreational				
Parks and recreation				
Park maintain & operate per acre	500	500	500	500
Participants in parks programs	22,700	50,000	65,000	75,980
Participants in senior program	1,020	11,577	14,769	18,304
Participants at Recreation Center	30,400	45,316	47,690	53,632
	N/A	N/A	N/A	N/A
Library				
Volumes in Collection [d]				
Circulation	45,538	45,187	47,531	77,928
	92,684	136,765	124,470	126,326
Water and Sewer				
Number of water connections				
Number of sewer connections	9,257	9,835	9,880	10,370
Average daily water consumption [c]	8,927	9,489	9,531	9,983
Maximum ground storage capacity [c]	2,710	3,110	3,164	3,201
Maximum elevated storage capacity [c]	7,000	7,170	7,170	7,170
Water purchased [c]	1,500	3,578	3,578	3,578
	1,161,074	1,134,837	1,127,728	1,235,350

Source: Town Departments

Notes:

N/A - Data not Available

[b] Department Administration and EMS Staff included

[c] Stated in millions of gallons

[d] Includes digital books available via shared databases

Table E-2

Fiscal Year					
2017	2018	2019	2020	2021	2022
58	59	71	75	85	93
4,744	5,635	6,780	3,673	6,172	4,519
54	64	62	62	64	74
7	9	6	3	2	2
1,327	1,413	1,606	1,635	2,001	2,046
2,191	2,395	2,545	2,709	3,321	3,170
138	155	156	159	159	164
1,047	1,101	1,037	1,005	1,306	1,230
91	101	65	64	64	82
500	500	500	500	500	500
77,000	78,000	76,982	52,349	60,857	80,163
24,864	27,643	30,508	878	11,408	22,693
77,679	114,915	113,571	63,022	114,216	122,492
N/A	N/A	N/A	N/A	127,968	169,076
81,380	215,539	224,086	190,332	198,259	201,561
126,092	132,997	133,395	153,270	140,644	148,297
10,680	11,153	11,408	11,763	12,390	12,469
10,272	10,732	10,948	11,170	11,790	12,060
3,253	3,718	3,953	4,313	3,432	4,200
7,170	7,170	7,170	7,170	7,170	7,170
3,578	3,578	3,578	3,578	3,578	3,578
1,351,428	1,500,532	1,411,097	1,509,605	1,571,273	1,810,560

Town of Little Elm, Texas **Table E-3**

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	16	17	19	25	30	30	30	39	71	78
Fire Stations	2	2	2	2	2	3	3	3	3	3
Police Motorcycle Units	2	2	2	2	2	2	3	4	4	4
Public Works										
Streets-Paved	108	108	131	138	138	155	156	159	159	164
Cultural and Recreational										
Parks (acres)	500	500	500	500	500	500	500	500	500	500
Playgrounds[a]	4	4	5	5	5	5	5	6	6	6
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Recreation Center	1	1	1	1	1	1	1	1	1	1
Acquatics Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1
Water and Sewer										
Fire Hydrants	1,216	1,256	1,270	1,270	1,431	1,510	1,527	1,559	1,568	1,522
Ground Storage Facilities	4	4	4	4	4	4	4	4	4	4
Elevated Storage Facilities	2	4	4	4	4	4	4	4	4	4
Lift Stations	17	18	19	20	20	20	21	22	22	22

Source: Town Departments

Notes: [a] Does not include HOA playgrounds

[b] Town has implemented a take-home vehicle program for officers